

EXHIBIT 1

CONFIDENTIAL

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

-----x
In re ANADARKO PETROLEUM Civil Action No.
CORPORATION SECURITIES 4:20-cv-00576
LITIGATION
-----x

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REMOTE VIDEOTAPED DEPOSITION BY VIRTUAL ZOOM OF
ALLEN FERRELL, Ph.D.
Thursday, March 2, 2023

Reported By: Lynne Ledanois, CSR 6811
Job No. 5772235

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12	Videotaped deposition of ALLEN FERRELL, Ph.D.,	12	
13	taken in Lexington, Massachusetts, commencing at	13	
14	1:34 p.m. EST on Thursday, March 2, 2023 before	14	
15	Lynne Ledanois, Certified Shorthand Reporter No.	15	
16	6811	16	
17		17	
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1	REMOTE APPEARANCES	1	INDEX OF EXHIBITS
2		2	Deposition Description Page
3		3	Exhibit 519 Expert Rebuttal Report of Allen 17
4	Counsel for the Lead Plaintiffs:	4	Ferrell, 1/25/23;
5	ROBBINS GELLER RUDMAN & DOWD LLP	5	Exhibit 520 Document headed, Dow Jones 52
6	BY: RACHEL JENSEN	6	Newswires by Alison Sider,
7	FRANCISCO MEJIA	7	APC-01761560;
8	Attorneys at Law	8	Exhibit 521 Email to 122
9	655 West Broadway	9	saurigemma@loradabbet.com from
10	Suite 1900	10	Konrad Krill dated 4/17/17;
11	San Diego, California 92101	11	Exhibit 522 Document headed, UBS Anadarko 126
12	rjensen@rgrdlaw.com	12	Petroleum, Large Exploration
13		13	Expense Drives 1Q17 EPS/CFPS
14	Counsel for the Defendants:	14	Miss but EBITDX Beats; Maintains
15	CRAVATH, SWAINE & MOORE LLP	15	2017 Guidance,
16	BY: LAUREN ROSENBERG	16	UBS_0001735;
17	MIKA FITZGERALD	17	Exhibit 523 Expert Report of Allen Ferrell 131
18	Attorneys at Law	18	re Class Certification;
19	Worldwide Plaza	19	Exhibit 524 Document headed, Evercore ISI 151
20	825 Eighth Avenue	20	Flash Note, Anadarko Petroleum,
21	New York, New York 10019	21	APC-01334718;
22	lrosenberg@cravath.com	22	Exhibit 525 Anadarko Petroleum Corporation 154
23		23	Form 10-Q;
24	ALSO PRESENT:	24	
25	John MacDonnell, Videographer	25	///
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1	I N D E X O F E X H I B I T S	1	having been duly sworn, testified as follows: 1:35PM
2	Deposition Description Page	2	EXAMINATION
3	Exhibit 526 Email to Robin Fielder from 214	3	BY MS. JENSEN:
4	Al Walker, 5/3/17;	4	Q Good afternoon, Dr. Ferrell. Where are
5		5	you physically today? 1:35PM
6		6	A Lexington, Massachusetts.
7		7	Q Anyone else in the room with you?
8		8	A No.
9		9	Q Do you have any documents within reach?
10		10	A I do. I'm happy to put them aside. I have 1:35PM
11		11	my expert report in this matter, but I'm happy to put
12		12	that aside.
13		13	Q Specifically the January 25th, 2023
14		14	report?
15		15	A Correct. 1:35PM
16		16	Q Okay. You don't need to put that aside.
17		17	That's fine to have it with you. But no other
18		18	documents within reach?
19		19	A I do have the other three reports, but I'll
20		20	put those in the folder. That's it. 1:36PM
21		21	Q Okay. You have had your deposition taken
22		22	before; correct?
23		23	A Yes.
24		24	Q So you're familiar with the ground rules?
25	///	25	A Yes. 1:36PM
Page 6		Page 8	
1	Thursday, March 2, 2023	1	Q And you've also had your deposition taken 1:36PM
2	1:34 p.m. EST	2	via Zoom before?
3	-----	3	A Yes.
4	THE VIDEOGRAPHER: We're on the record.	4	Q So you're familiar with how this works
5	It's 1:34 p.m. Eastern time on March 3rd -- 1:34PM	5	today in terms of the Zoom platform? 1:36PM
6	March 2nd, 2023. This is the deposition of	6	A Yes.
7	Dr. Allen Ferrell.	7	Q Okay. Any reason you cannot testify
8	We're here in the matter of Anadarko	8	completely and truthfully today?
9	Petroleum Corporation Securities Litigation.	9	A No.
10	I'm John McDonnell, the videographer with 1:34PM	10	Q Did you prepare for this deposition? 1:36PM
11	Veritext.	11	A Yes.
12	Before the reporter swears the witness,	12	Q And how so?
13	would counsel identify themselves beginning with the	13	A I reread my reports, I reread
14	noticing attorney, please.	14	Mr. Steinholt's reports, I looked at some underlying
15	MS. JENSEN: Yes. Good morning. This is 1:34PM	15	documents. 1:36PM
16	Rachel Jensen with the law firm of Robbins Geller	16	In addition to that, kind of review on my
17	Rudman & Dowd on behalf of the plaintiffs in the	17	own time, I had a call with counsel for about 30 to
18	class.	18	40 minutes yesterday.
19	I also have Frankie Mejia with me as well	19	Q And counsel is Ms. Rosenberg?
20	from Robbins Geller. 1:34PM	20	A Yes. 1:36PM
21	MS. ROSENBERG: This is Lauren Rosenberg	21	Q Okay.
22	from Cravath Swaine & Moore on behalf of defendants.	22	A There was another -- I'm really terrible
23	And with me as well is Mika Fitzgerald.	23	with names, there was a Cravath associate as well.
24		24	Q And you referenced underlying documents.
25	ALLEN FERRELL, Ph.D. 1:35PM	25	What were your referring to? 1:37PM
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<p>1 A I looked at the complaint. What else did I 1:37PM</p> <p>2 take a look at? I looked at some analyst reports.</p> <p>3 This is, again, from my personal review.</p> <p>4 I looked at the corrected disclosures</p> <p>5 here. And I looked at Steinholt's reports as well. 1:37PM</p> <p>6 Q Have you reviewed any other court</p> <p>7 documents in this case?</p> <p>8 A No, I did review -- I mean, just to add, I</p> <p>9 did review Mr. Steinholt's depositions. I believe he</p> <p>10 was deposed twice and I did review those. 1:37PM</p> <p>11 Q No other court documents?</p> <p>12 A None that occur to me, no.</p> <p>13 Q You haven't read the court's class</p> <p>14 certification decision?</p> <p>15 A I don't have a specific recollection. 1:38PM</p> <p>16 Q Okay. You've been retained as a proposed</p> <p>17 testifying expert for the defendants in this case?</p> <p>18 A Yes.</p> <p>19 Q And how many hours have you personally</p> <p>20 spent on the case? 1:38PM</p> <p>21 A So I have not added it up because my memory</p> <p>22 is I was retained back in 2021, so it's been awhile.</p> <p>23 I would say -- so I have not added the hours up since</p> <p>24 2021.</p> <p>25 I did take a look at hours since -- 1:38PM</p> <p style="text-align: right;">Page 10</p>	<p>1 Q And how many securities cases 1:39PM</p> <p>2 approximately have you offered expert testimony?</p> <p>3 A I don't have a specific recollection. I</p> <p>4 would go to my C.V. where I do list all of my</p> <p>5 testimony from last four years and I would just 1:39PM</p> <p>6 reference that.</p> <p>7 Q And do you have a ballpark of the number</p> <p>8 of cases total because, of course, that would just</p> <p>9 be the last four years, right? So do you have a</p> <p>10 ballpark total number? 1:40PM</p> <p>11 A Well, I've been doing this since around</p> <p>12 2005, so I guess I'm getting older. So if you do the</p> <p>13 last 20 years -- this is a ballpark and big margin of</p> <p>14 error here, I would say I've probably been deposed, if</p> <p>15 I had to guess, somewhere between 80, 85 times. 1:40PM</p> <p>16 But it could be more, it could be less,</p> <p>17 but if you were to do a 20-year span, that would be</p> <p>18 my best guess.</p> <p>19 Q And in any of those securities cases, have</p> <p>20 you offered expert testimony on behalf of 1:40PM</p> <p>21 plaintiffs?</p> <p>22 A Yes, I have. I've done expert work for</p> <p>23 plaintiffs, yes.</p> <p>24 Q My question is a little different. Have</p> <p>25 you offered expert testimony on behalf of plaintiffs 1:40PM</p> <p style="text-align: right;">Page 12</p>
<p>1 including since the fall of 2022. And not including 1:38PM</p> <p>2 February -- I'm sorry, not including March, it's</p> <p>3 roughly -- there is going to be a margin of error</p> <p>4 here around 80 hours.</p> <p>5 But again, I want to reiterate that's from 1:38PM</p> <p>6 the fall of 2022 through 2023. I did not add up my</p> <p>7 hours back to 2021.</p> <p>8 Q Sure. Have you added up how much you've</p> <p>9 been paid in the case?</p> <p>10 A I have not. 1:38PM</p> <p>11 Q What percentage of your work in a given</p> <p>12 year is as a testifying expert?</p> <p>13 A It's a question as to a percentage of my</p> <p>14 consulting work or -- could you restate the question?</p> <p>15 Q As a testifying expert, what percentage of 1:39PM</p> <p>16 your time in a given year is spent in litigation</p> <p>17 matters as a testifying expert?</p> <p>18 A So in terms of economic consulting, it would</p> <p>19 all be matters involving litigation.</p> <p>20 Q Okay. And what percentage of your work in 1:39PM</p> <p>21 a given year is taken by a consulting or testifying</p> <p>22 in litigation?</p> <p>23 A Yes, so the number really varies a lot, but</p> <p>24 again, it can vary in some periods, but roughly</p> <p>25 20 percent of my total time. 1:39PM</p> <p style="text-align: right;">Page 11</p>	<p>1 in a securities case? 1:41PM</p> <p>2 A The one case that comes to mind was a</p> <p>3 securities case under state law involving investment</p> <p>4 guidelines but not for federal securities.</p> <p>5 Q Okay. So in no federal securities fraud 1:41PM</p> <p>6 actions have you testified on behalf of plaintiffs;</p> <p>7 correct?</p> <p>8 A I believe that's correct.</p> <p>9 Q Have you ever opined in the ballpark --</p> <p>10 A Sorry, just a clarification. I have 1:41PM</p> <p>11 testified in a federal securities matter for the U.S.</p> <p>12 attorney in the Southern District, so that would be a</p> <p>13 federal case in a criminal matter.</p> <p>14 Q In a criminal case. Is that case listed</p> <p>15 on your C.V.? 1:41PM</p> <p>16 A I don't remember. I don't remember the</p> <p>17 date. We would have to pull it up. US v. Block is</p> <p>18 the case.</p> <p>19 Q So in all class securities class</p> <p>20 actions -- so I'll try to tease this out. 1:42PM</p> <p>21 So in every securities class action that</p> <p>22 you've been involved in, you've testified on behalf</p> <p>23 of the defendants; is that right?</p> <p>24 A For federal securities not including the</p> <p>25 U.S. government, I believe that's correct. 1:42PM</p> <p style="text-align: right;">Page 13</p>

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<p>1 Q Right. I mean the U.S. government 1:42PM</p> <p>2 wouldn't bring a class action; correct?</p> <p>3 A That's correct.</p> <p>4 Q Okay. So the answer to my question is</p> <p>5 correct; right? If you want, I can restate it. 1:42PM</p> <p>6 A I believe that's accurate.</p> <p>7 Q Okay. Thanks.</p> <p>8 So in any securities class action, have</p> <p>9 you opined that the alleged misrepresentations or</p> <p>10 omissions did, in fact, have an impact on the price 1:42PM</p> <p>11 of security at issue?</p> <p>12 A I have in the following sense. So I have,</p> <p>13 for example, Bank of America, also in the Household</p> <p>14 litigation, done damages per share under certain</p> <p>15 assumptions. 1:42PM</p> <p>16 So I have in that context.</p> <p>17 Q But that wasn't an opinion about the price</p> <p>18 impact, that was an assumption; correct?</p> <p>19 A I don't think I quite agree with your</p> <p>20 framing. It would be based on certain assumptions 1:43PM</p> <p>21 including assumptions of liability. I did calculate</p> <p>22 per share damages and that was an opinion.</p> <p>23 Q So just to be clear, it was a damages</p> <p>24 opinion in which one of the assumptions was there</p> <p>25 would be liability found; is that right? 1:43PM</p> <p style="text-align: right;">Page 14</p>	<p>1 accounting? 1:44PM</p> <p>2 A No.</p> <p>3 Q Do you hold yourself out as an expert in</p> <p>4 the oil and gas industry?</p> <p>5 A No. 1:44PM</p> <p>6 Q Are you a geoscientist?</p> <p>7 A No.</p> <p>8 Q Do you have an engineering degree?</p> <p>9 A No.</p> <p>10 Q Are you offering an opinion in this case 1:44PM</p> <p>11 as to the reason Anadarko wrote off Shenandoah?</p> <p>12 A No.</p> <p>13 Q All right. Even though you have your</p> <p>14 report there with you, I'm going to mark one for the</p> <p>15 record so that it will be an exhibit. You can 1:45PM</p> <p>16 continue to look at the version in front of you</p> <p>17 except for just to confirm that what I'm introducing</p> <p>18 here is in fact your report.</p> <p>19 So if you'll bear with me for a moment</p> <p>20 while I introduce this. 1:45PM</p> <p>21 A Okay. Take your time.</p> <p>22 MS. JENSEN: If all has gone well, there</p> <p>23 should be an exhibit that you can see in your</p> <p>24 Exhibit Share folder. Again, making sure that</p> <p>25 you're looking at the March 2nd folder. It should 1:45PM</p> <p style="text-align: right;">Page 16</p>
<p>1 A That's my best recollection. My specific 1:43PM</p> <p>2 recollection is I have in securities class action</p> <p>3 litigation estimated per share damages.</p> <p>4 Q Assuming liability was found?</p> <p>5 A Well, I don't -- yes, I don't know what 1:43PM</p> <p>6 damages would mean, if there is not liability, so I</p> <p>7 think that's --</p> <p>8 Q I guess what I'm trying to say is that</p> <p>9 that was assuming that liability would be found. In</p> <p>10 other words, your opinion was limited to damages; is 1:43PM</p> <p>11 that right?</p> <p>12 A I mean, I have to go back and refresh my</p> <p>13 recollection. My memory is there was an assumption of</p> <p>14 liability. Again, I'm not sure what damages means, if</p> <p>15 there was -- I guess if there is no liability, the 1:44PM</p> <p>16 damages are easy, it's zero.</p> <p>17 Q Understood. I was trying to clarify the</p> <p>18 nature of the opinion. So it was a damages opinion</p> <p>19 assuming liability would be found?</p> <p>20 A I gave you my best recollection. 1:44PM</p> <p>21 Q Okay. The record will stand.</p> <p>22 Are you offering any legal opinions in</p> <p>23 this case?</p> <p>24 A No.</p> <p>25 Q Do you hold yourself out as an expert in 1:44PM</p> <p style="text-align: right;">Page 15</p>	<p>1 be under marked exhibits and it should be 1:45PM</p> <p>2 Exhibit 519.</p> <p>3 (Whereupon, Exhibit 519 was marked for</p> <p>4 identification.)</p> <p>5 THE WITNESS: I'm there. 1:46PM</p> <p>6 MS. JENSEN: Okay. Great.</p> <p>7 So for the record, I've introduced this</p> <p>8 Exhibit 519, the expert rebuttal report of Allen</p> <p>9 Ferrell Ph.D., dated January 25th, 2023.</p> <p>10 Q And I would like you to scroll through 1:46PM</p> <p>11 very briefly and confirm that this, in fact, is your</p> <p>12 report.</p> <p>13 A Okay. When I turn away from the camera,</p> <p>14 it's because I'm looking at the screen with the</p> <p>15 exhibit. 1:46PM</p> <p>16 Q Okay. Understood.</p> <p>17 A Yes, this looks like my January 25th report.</p> <p>18 Q Who wrote this report?</p> <p>19 A I did with the assistance of Compass</p> <p>20 Lexecon. 1:46PM</p> <p>21 Q What assistance did Compass Lexecon</p> <p>22 provide?</p> <p>23 A So they did a number of things. For</p> <p>24 example, they helped organize the flow of materials to</p> <p>25 me that's reflected in the docs relied upon list. 1:46PM</p> <p style="text-align: right;">Page 17</p>

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<p>1 They put together the, pursuant to my 1:46PM</p> <p>2 instructions, supervision, the actual exhibits. If</p> <p>3 I were doing it myself, I think we would still be</p> <p>4 waiting for the formatting and so forth.</p> <p>5 I did work with a draft with them. So I 1:47PM</p> <p>6 did the drafting, but I did have an iterative</p> <p>7 process with them on the drafting.</p> <p>8 Q So I want to make sure I understand here.</p> <p>9 So they provided the documents --</p> <p>10 A No, that's not correct. 1:47PM</p> <p>11 Q Tell me what you mean there.</p> <p>12 A I would have the documents flow go through</p> <p>13 Compass Lexecon so they can keep track of it, they</p> <p>14 could put it in binders for me to help the -- an</p> <p>15 organized flow of information. 1:47PM</p> <p>16 Q And how did the documents come to you?</p> <p>17 A A number of different ways. I had binders</p> <p>18 sent to me, so hard copies, I had --</p> <p>19 Q From counsel?</p> <p>20 A Sorry? 1:47PM</p> <p>21 Q From counsel?</p> <p>22 A No, this is from Compass Lexecon, I would</p> <p>23 have them put together binders --</p> <p>24 Q Let's set aside the logistics.</p> <p>25 How did you come to review the documents 1:48PM</p> <p style="text-align: right;">Page 18</p>	<p>1 A I would talk with my team at Compass Lexecon 1:49PM</p> <p>2 about the materials I wanted given my assignment in</p> <p>3 Paragraph 16. They would gather those materials such</p> <p>4 as analyst reports and forward those materials to me.</p> <p>5 Q So is it your testimony then that you 1:49PM</p> <p>6 reviewed all the analyst reports about Anadarko</p> <p>7 throughout the relevant time period?</p> <p>8 A I know there is 1,071 in my initial report,</p> <p>9 yes, I did review everything. Obviously some of them</p> <p>10 skimming and some of them were more important, but 1:49PM</p> <p>11 yes.</p> <p>12 Q And so were those limited to the class</p> <p>13 period then, what you reviewed?</p> <p>14 A It's whatever the -- I think they are</p> <p>15 basically during the class period, but the dates of 1:50PM</p> <p>16 the analysts reports are reflected in the documents</p> <p>17 relied upon and we can just refer to that.</p> <p>18 Q So in other words, the documents -- the</p> <p>19 universe of documents that you reviewed in this</p> <p>20 case, are they all reflected in your appendices? 1:50PM</p> <p>21 A I believe that's accurate. With one</p> <p>22 exception, actually, something I noticed when I was</p> <p>23 rereading my reports in preparation for the</p> <p>24 deposition.</p> <p>25 But one thing that wasn't on there that 1:50PM</p> <p style="text-align: right;">Page 20</p>
<p>1 that you now have relied on? 1:48PM</p> <p>2 A I interacted with my team at Compass Lexecon</p> <p>3 in terms of the assignment and the material I would</p> <p>4 need.</p> <p>5 Obviously when I'm responding to 1:48PM</p> <p>6 Mr. Steinholt, if we're talking about my</p> <p>7 January 25th report, obviously I would want to look</p> <p>8 at materials that would be relevant to the</p> <p>9 assignment as reflected in Paragraph 16.</p> <p>10 So that really framed the set of materials 1:48PM</p> <p>11 that would be appropriate to look at.</p> <p>12 Q Okay. So my question is: How did you</p> <p>13 come about receiving or otherwise deciding which</p> <p>14 documents you should look at and consider?</p> <p>15 A Well, so if you're talking about my 1:48PM</p> <p>16 January 25th report, I was asked to assess</p> <p>17 Mr. Steinholt's report. And so I obviously -- in</p> <p>18 reviewing his report, there were certain materials</p> <p>19 that would be relevant. Obviously I had written some</p> <p>20 earlier reports, I was not coming up with this fresh. 1:49PM</p> <p>21 So that really framed the set of materials</p> <p>22 that would be logical to take a look at.</p> <p>23 Q I think we're going round and round here.</p> <p>24 I'm asking just you, who gathered documents for you</p> <p>25 in this case? Let's just ask it that way. 1:49PM</p> <p style="text-align: right;">Page 19</p>	<p>1 was, in fact, one of the things that I reviewed very 1:50PM</p> <p>2 early on was the earnings call transcript from</p> <p>3 May 3rd.</p> <p>4 Q Okay.</p> <p>5 A With that exception, I believe it's a 1:50PM</p> <p>6 complete list.</p> <p>7 Q And just for clarity of the record, you're</p> <p>8 talking about May 3rd, 2017?</p> <p>9 A Yes.</p> <p>10 Q Did counsel for the defendants select any 1:50PM</p> <p>11 documents for your consideration?</p> <p>12 A Not that I recall. Obviously we had a</p> <p>13 discussion and I got the complaint, nothing that I can</p> <p>14 recall.</p> <p>15 Q Did counsel for the defendants assist you 1:51PM</p> <p>16 in drafting or editing the report?</p> <p>17 A No. My interactions were with my team at</p> <p>18 Compass Lexecon. Obviously the assignment, turning to</p> <p>19 Paragraph 16, is from counsel.</p> <p>20 Q And did you talk to counsel at any point 1:51PM</p> <p>21 before you finalized the report?</p> <p>22 A Yes.</p> <p>23 Q About the report, I should say, before you</p> <p>24 finalized it?</p> <p>25 A Yes. 1:51PM</p> <p style="text-align: right;">Page 21</p>

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<p>1 Q How many times? 1:51PM</p> <p>2 A So in your question are we referring to all</p> <p>3 four reports going back to 2021 or are we talking</p> <p>4 about just this report?</p> <p>5 Q That's a good clarification. I understand 1:51PM</p> <p>6 that they build on each other. So let's just take</p> <p>7 it for this report.</p> <p>8 A I do remember talking with counsel, maybe I</p> <p>9 think that was -- besides the 30 to 40-minute</p> <p>10 conversation I mentioned before, I don't have a 1:52PM</p> <p>11 recollection of talking with counsel for a good long</p> <p>12 while. I'm sure we had a call about the assignment in</p> <p>13 Paragraph 16, but that's my best recollection.</p> <p>14 Q Obviously there were conversations earlier</p> <p>15 on when you were formulating earlier reports as 1:52PM</p> <p>16 well; correct?</p> <p>17 A Yes.</p> <p>18 Q Now you've referred to your assignment in</p> <p>19 Paragraph 16 and in Paragraph 16 you referenced</p> <p>20 materials in Appendix 2. 1:52PM</p> <p>21 So are all of the documents that you</p> <p>22 considered in forming your opinions listed in</p> <p>23 Appendix 2 with the exception of the May 3rd, 2017</p> <p>24 earnings transcript call -- or call transcript,</p> <p>25 sorry? 1:53PM</p> <p style="text-align: right;">Page 22</p>	<p>1 listed. 1:54PM</p> <p>2 Q And you didn't review any of the internal</p> <p>3 communications of the company in forming your</p> <p>4 opinions?</p> <p>5 A If it's not listed, it was not considered in 1:54PM</p> <p>6 forming my opinion.</p> <p>7 Q Now, are all of the opinions that you</p> <p>8 intend to offer at trial set forth in Paragraph 16</p> <p>9 of your January 25th, 2023 report?</p> <p>10 A Well, these are the principal conclusions. 1:54PM</p> <p>11 Obviously I have analyses and subconclusions in the</p> <p>12 report itself. And I've also referenced the fact that</p> <p>13 I am incorporating by reference my other work in this</p> <p>14 matter.</p> <p>15 Q Okay. So the principal conclusions are 1:54PM</p> <p>16 listed there and as I understand it, that includes</p> <p>17 Mr. Bjorn Steinholt's opinion about the materiality</p> <p>18 of the alleged misstatements as flawed?</p> <p>19 A Again, these are the principal conclusions</p> <p>20 for this report. Obviously there is a lot of analyses 1:55PM</p> <p>21 and points that I make in conjunction with that. But</p> <p>22 yes, the --</p> <p>23 Q I used the same verbiage that you just</p> <p>24 did.</p> <p>25 A Okay. So it is true that Part A is talking 1:55PM</p> <p style="text-align: right;">Page 24</p>
<p>1 A Well, no. In the sense that Footnote 32, I 1:53PM</p> <p>2 say I incorporate by reference my other reports.</p> <p>3 Q Okay. So when -- okay. But your</p> <p>4 Paragraph 16 only refers to the review of the</p> <p>5 materials in Appendix 2; correct? 1:53PM</p> <p>6 A It does mention Appendix 2 and I also say</p> <p>7 incorporate by reference my other work.</p> <p>8 Q Okay. So beside the documents that were</p> <p>9 listed in your various reports, as you said earlier</p> <p>10 or testified earlier, you didn't review any other 1:53PM</p> <p>11 documents other than the May 3rd, 2017 earnings call</p> <p>12 transcript?</p> <p>13 A Yes, that was an omission by accident. I</p> <p>14 believe that's accurate.</p> <p>15 In addition to the two -- I can't remember 1:53PM</p> <p>16 whether the deposition transcripts by Mr. Steinholt</p> <p>17 are listed or not, but whether they are or not, I</p> <p>18 did review those.</p> <p>19 Q Okay.</p> <p>20 A I do cite to his deposition. I just don't 1:54PM</p> <p>21 remember -- I did review those.</p> <p>22 Q Okay. So besides Mr. Steinholt's</p> <p>23 deposition transcript, you did not review any other</p> <p>24 depositions in the case; correct?</p> <p>25 A I don't believe any others were cited or 1:54PM</p> <p style="text-align: right;">Page 23</p>	<p>1 about his opinion concerning materiality. 1:55PM</p> <p>2 Q Right. So my question was that's one of</p> <p>3 your principal conclusions.</p> <p>4 You also have listed here that</p> <p>5 Mr. Steinholt failed to reliably demonstrate the 1:55PM</p> <p>6 May 3rd, 2017 price decline is caused by the</p> <p>7 correction to the alleged misstatements?</p> <p>8 A Correct.</p> <p>9 Q And then also that Mr. Steinholt did not</p> <p>10 demonstrate damages could be reliably estimated? So 1:55PM</p> <p>11 those are your principal conclusions in the case?</p> <p>12 A Yes, with respect to the January 25th</p> <p>13 report, that's correct.</p> <p>14 Q Now, are you offering an opinion that the</p> <p>15 market for Anadarko common stock was efficient? 1:56PM</p> <p>16 A I accept that. I'm not disputing the</p> <p>17 efficiency of the market.</p> <p>18 Q You're assuming it?</p> <p>19 A Yes.</p> <p>20 Q And now, when you assume market 1:56PM</p> <p>21 efficiency, are you embracing a strong form of</p> <p>22 market efficiency?</p> <p>23 A No, it's -- efficiency in this context means</p> <p>24 semi-strong efficiency.</p> <p>25 Q It would be a mistake to call -- to 1:56PM</p> <p style="text-align: right;">Page 25</p>

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<p>1 embrace the strong form of market efficiency at this 1:56PM 2 point; right? 3 A I just don't think that's relevant here. 4 Q I mean, that would be an incorrect form of 5 market efficiency to espouse in a securities fraud 1:56PM 6 case; right? 7 A I just -- I've never seen that. When I say 8 the word "efficiency," I mean semi-strong efficiency. 9 Q And that's the correct standard, more or 10 less; correct? 1:56PM 11 A I'm not opining legally, but when I use the 12 term "efficiency," I mean semi-strong efficiency. 13 Q That's the accepted version of efficiency 14 in these types of cases; correct? 15 A I believe that's accurate. 1:57PM 16 Q Now, do you opine that information was 17 immediately impounded into the marketplace for 18 Anadarko common stock? 19 A So the definition of semi-strong is all 20 public information is, quote, quickly impounded. 1:57PM 21 Typically, although not inevitably, 22 quickly means it's usually measured by reference to 23 a close-to-close window. 24 Q Did you undertake any event study analysis 25 to determine how quickly information was impounded 1:57PM Page 26</p>	<p>1 I analyze it in that context. 1:59PM 2 I guess that's how would I frame how I 3 think about what information was available and what 4 was not. 5 Q Are you intending to testify on behalf of 1:59PM 6 the defendants in this case that the truth was in 7 the market? 8 A I would use the framing I have in the 9 January -- in my January 25th report, which is focused 10 on analyzing in various ways the so-called corrective 1:59PM 11 disclosure. 12 I also, obviously I should add to that 13 answer, do the upfront as well, which is the 14 misrepresentation dates. 15 Q But nowhere in your report, as far as I 2:00PM 16 can find, do you reference truth on the market, do 17 you? 18 A That's a legal doctrine, so I wouldn't 19 invoke directly a legal doctrine personally. 20 Q Are you offering an opinion that the 2:00PM 21 existence of the alleged fraudulent scheme was 22 publicly known before market close on May 2nd, 2017? 23 A That's not how I would frame my opinion. 24 Q So the answer is no? 25 A It's not how I would frame it. That 2:00PM Page 28</p>
<p>1 into the price of the Anadarko stock? 1:57PM 2 A I did do an efficiency analysis where I used 3 close-to-close for answering that question. 4 Q And what did you conclude? 5 A Well, as reflected -- I just want to be 1:57PM 6 specific here. 7 So I'm referring to the appendix, the 8 header which is "Analysis of Market Efficiency 9 Factors Based on the Factors/Methodology Steinholt 10 Applied to Anadarko." I do have there some of that 1:58PM 11 study results and that is on a close-to-close basis. 12 Q Are you offering a truth-on-the-market 13 opinion in this case? 14 A I am a little hesitant because I know the 15 meaning of truth of the market has a -- you have to 1:58PM 16 define to me what you mean legally by "truth of the 17 market." 18 Q Are you offering a legal opinion that the 19 truth was on the market in this case? 20 A Not offering a legal opinion. 1:59PM 21 Q Are you offering any other type of opinion 22 that the truth was in the market in this case? 23 A I mean, I want to be careful here. 24 Obviously I looked at the so-called corrective 25 disclosures in the total informational environment and 1:59PM Page 27</p>	<p>1 statement can have different meanings. I certainly 2:00PM 2 analyzed whether the corrective information as 3 identified by Mr. Steinholt caused a negative stock 4 price reaction, in conjunction with looking at the 5 upfront events that resulted, so that's how I would 2:00PM 6 frame it. 7 Q Let's take it piece by piece. Are you 8 opining that there was no fraudulent scheme? 9 A I'm not opining that. That's a liability 10 question. 2:01PM 11 Q And are you opining that it was known in 12 the market that the defendants had engaged in a 13 fraudulent scheme at the end of the class period? 14 A I'm not providing the opinion that the 15 market knew that there was a fraudulent scheme. 2:01PM 16 That's not how I would frame things. 17 Q Are you offering an opinion that the 18 existence of a whistleblower complaint by Anadarko's 19 lead reservoir engineer at Anadarko was publicly 20 known at any time during the class period? 2:01PM 21 A I don't think I talk about the whistleblower 22 in my report, no. 23 Q And are you opining that Anadarko's 24 decision to suspend its appraisal of Shenandoah was 25 publicly known before market closed on May 2nd, 2:01PM Page 29</p>

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<p>1 2017? 2:01PM</p> <p>2 A Well, I do opine that the dry hole expenses</p> <p>3 were known a day earlier, but putting that aside, I'm</p> <p>4 not providing that opinion.</p> <p>5 Q By "the dry hole expense," you mean the 2:02PM</p> <p>6 Shenandoah 6 well?</p> <p>7 A Yes.</p> <p>8 Q So the answer to my question, you're not</p> <p>9 opining then that Anadarko's decision to suspend its</p> <p>10 appraisal of Shenandoah, that it was known by the 2:02PM</p> <p>11 market prior to close of market 20 -- I'm sorry.</p> <p>12 I want to ask that question again because</p> <p>13 it got muddled. Let me try again.</p> <p>14 So the answer to my question is that you</p> <p>15 are not opining then that the decision by Anadarko 2:02PM</p> <p>16 to suspend its Shenandoah appraisal was known prior</p> <p>17 to close of market on May 2nd, 2017?</p> <p>18 A Correct.</p> <p>19 Q And you're not opining that Anadarko's</p> <p>20 902 million write-down of Shenandoah was known by 2:02PM</p> <p>21 the market prior to the evening of May 2nd, 2017;</p> <p>22 correct?</p> <p>23 A Correct. My understanding is that the 902,</p> <p>24 which is adding two separate figures, was disclosed</p> <p>25 for the first time in May. 2:03PM</p> <p style="text-align: right;">Page 30</p>	<p>1 corrective? 2:04PM</p> <p>2 MS. ROSENBERG: Objection to form, calls</p> <p>3 for a legal conclusion.</p> <p>4 THE WITNESS: As I understand the</p> <p>5 question, the notion of corrective can intersect 2:04PM</p> <p>6 with legal questions. So the answer, given that</p> <p>7 understanding, is no.</p> <p>8 BY MS. JENSEN:</p> <p>9 Q Are you offering an affirmative opinion</p> <p>10 that the defendants' alleged misconduct had zero 2:05PM</p> <p>11 impact on the price of Anadarko's stock at any point</p> <p>12 in time?</p> <p>13 A My opinion is there's no reliable economic</p> <p>14 basis to say that the so-called corrective information</p> <p>15 or the misreps upfront had a price impact. 2:05PM</p> <p>16 Q So I just want to make sure I understand.</p> <p>17 Is your opinion limited to a critique of</p> <p>18 Mr. Steinholt's opinion?</p> <p>19 A Well, in the course of, you know, analyzing</p> <p>20 Mr. Steinholt's opinion, as well as my prior work, my 2:05PM</p> <p>21 opinion as an economist, the way you think about price</p> <p>22 impact, is whether there's reliable economic evidence</p> <p>23 or not.</p> <p>24 In my view there is not, so that is an</p> <p>25 affirmative opinion that obviously is also at odds 2:05PM</p> <p style="text-align: right;">Page 32</p>
<p>1 Q Right. After market close on May 2nd, 2:03PM</p> <p>2 2017?</p> <p>3 A Correct.</p> <p>4 Q Are you offering an opinion that the</p> <p>5 defendants' alleged misconduct was legally 2:03PM</p> <p>6 immaterial?</p> <p>7 A Legally -- I'm not providing an opinion that</p> <p>8 was legally immaterial, no.</p> <p>9 Q And are you offering an opinion that the</p> <p>10 defendants' statements -- alleged statements were 2:03PM</p> <p>11 not misleading?</p> <p>12 A Could you restate the question?</p> <p>13 Q No, I need to restate that.</p> <p>14 Are you offering an opinion that the</p> <p>15 defendants' alleged misstatements were not, in fact, 2:03PM</p> <p>16 misleading?</p> <p>17 A No. As I understand the question, that goes</p> <p>18 to liability.</p> <p>19 Q You do agree that the price of Anadarko</p> <p>20 common stock declined by a statistically significant 2:04PM</p> <p>21 amount on May 3rd, 2017; correct?</p> <p>22 A Yes.</p> <p>23 Q Are you offering an affirmative opinion</p> <p>24 that the information disclosed about Shenandoah</p> <p>25 after the close of market on May 2nd was not 2:04PM</p> <p style="text-align: right;">Page 31</p>	<p>1 with what Mr. Steinholt -- Dr. Steinholt -- 2:05PM</p> <p>2 Mr. Steinholt said.</p> <p>3 Q And have you ever opined in a securities</p> <p>4 fraud class action that the -- there was reliable</p> <p>5 economic evidence of price impact? 2:06PM</p> <p>6 A Yes.</p> <p>7 Q In which cases?</p> <p>8 A I think this is going back to our earlier</p> <p>9 discussion, in Household, which I think your firm may</p> <p>10 have been involved in, I do have price impacts 2:06PM</p> <p>11 associated with corrective disclosures there.</p> <p>12 Bank of America is another example. So,</p> <p>13 again, those would be matters in which I do a price</p> <p>14 impact from corrective disclosures.</p> <p>15 Q In the sense that you have provided 2:06PM</p> <p>16 damages analysis?</p> <p>17 A Yes. It was in the context of damages, loss</p> <p>18 causation, all of these things that intersect with</p> <p>19 each other.</p> <p>20 But, yes, it was in the context of the 2:07PM</p> <p>21 pricing effect of corrective information,</p> <p>22 information corrected of earlier alleged</p> <p>23 misstatements.</p> <p>24 Q So Household and Bank of America, we</p> <p>25 should look at those. Any others come to mind? 2:07PM</p> <p style="text-align: right;">Page 33</p>

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<p>1 A Those are the two that come to mind off the 2:07PM 2 top of my head. I would have to think some more about 3 it, but those are kind of two prominent examples that 4 come to mind.</p> <p>5 Q For purposes of your opinions, are you 2:07PM 6 assuming that all of defendants' statements leading 7 up to and during the class period were true?</p> <p>8 A Again, that goes to liability. So the 9 answer -- so I should answer the question. The answer 10 is no. 2:07PM</p> <p>11 Q So is it fair to say, then, you are 12 agnostic about whether the defendants' statements 13 were true or not true?</p> <p>14 A I think "agnostic" is the wrong word. I'm 15 just not taking a position on that. I'm not here to 2:08PM 16 opine on liability in the way that we've been 17 describing.</p> <p>18 I would be a little hesitant here. 19 Obviously I do provide a price impact opinion and 20 that could speak to liability, but I'm doing that as 2:08PM 21 an economist.</p> <p>22 Q So just to make sure I understand. You're 23 just not taking a position on whether or not the 24 defendants' statements about Shenandoah leading up 25 to and during the class period were true? 2:08PM Page 34</p>	<p>1 Shenandoah was not commercially viable at the start 2:10PM 2 of the class period, but the Shenandoah project was 3 'certainly' (i.e., 100 percent) not commercially 4 viable after Shen 4."</p> <p>5 So that's the understanding that I was -- 2:10PM 6 that's what I was referencing earlier.</p> <p>7 Q Okay. Now, do you understand that 8 corrective disclosures don't need to be the mere 9 image of the alleged misstatement?</p> <p>10 A That's my understanding. 2:11PM</p> <p>11 Q Did analysts discuss the results of 12 different Shenandoah wells following the public 13 announcements of each?</p> <p>14 A What public announcement are you referring 15 to? 2:11PM</p> <p>16 Q So you probably know there were a number 17 of different wells for Shenandoah leading up to and 18 during the class period.</p> <p>19 So my question is whether analysts 20 discussed the result of the different wells 2:11PM 21 following their announced results?</p> <p>22 A I believe that's accurate.</p> <p>23 Q Okay. And, in fact, analysts issued 24 reports after each and every well; correct?</p> <p>25 A I don't have that specific recollection, but 2:12PM Page 36</p>
<p>1 A That's correct. 2:08PM</p> <p>2 Q Okay. Based on your understanding of this 3 case, what information was allegedly concealed from 4 investors during the class period?</p> <p>5 A So this is off the top of my head. 2:09PM 6 Obviously the complaint can speak for itself.</p> <p>7 But the general claim -- I guess I would 8 really reference Mr. Steinholt here is he refers to 9 some probability of whether the Shenandoah project 10 would be viable or not. 2:09PM</p> <p>11 And then working off my memory, after 12 Shen 4, I believe he says that that probability 13 changed for the worst, is my memory of his 14 characterization of the alleged -- the alleged truth 15 that was, according to him, his understanding, 2:09PM 16 concealed.</p> <p>17 Q So when you say viability, what does that 18 mean to you?</p> <p>19 A It means whatever Mr. Steinholt says. So 20 after he says -- I just want to -- I'll refer to the 2:10PM 21 specific part of my report here.</p> <p>22 Yes, I would look at Paragraph 47 of my 23 report. In the second sentence I say, "In fact, 24 Mr. Steinholt states that his understanding was that 25 there was more than a 50 percent chance that 2:10PM Page 35</p>	<p>1 that sounds correct to me. 2:12PM</p> <p>2 Q So that would include Shenandoah 1?</p> <p>3 A I'm going to get -- I know there is a 4 Shenandoah 1, I just don't remember whether that was 5 pre or post February 2015. 2:12PM</p> <p>6 I'm not saying it is or isn't. I just 7 want to make sure I'm not getting the timing of this 8 incorrect as it relates to the class period.</p> <p>9 Q Understood. So -- and my question was, I 10 believe, leading up to and during class period. If 2:12PM 11 it's not, then I want to make sure that's clear.</p> <p>12 So I understand that Shenandoah 1, that 13 was in 2009; right?</p> <p>14 So I'm referring to analysts reporting on 15 the results of each Shenandoah well, which some were 2:12PM 16 pre-class period and some were post or during the 17 class period; correct?</p> <p>18 A Yes. My general recollection -- I have to 19 go back to my analysts -- the long list of analysts 20 reports I have in my initial report. My memory is I 2:13PM 21 focused on the class period in particular.</p> <p>22 Q But you have no reason to doubt that 23 Shenandoah 1 and 2 also got the attention of 24 analysts, those were pre-class period?</p> <p>25 A I'm not disputing that. 2:13PM Page 37</p>

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<p>1 Q So if Shenandoah 1 and Shenandoah 2 were 2:13PM 2 pre-class period, then Shenandoah 3, 4, 5 and 6 were 3 during the class period. And you have no reason to 4 dispute that each one of those well results were 5 reported out by analysts? 2:13PM 6 A Correct. 7 Q And analysts reported on this information, 8 generally speaking, because it's the type of 9 information investors would want to know about 10 Anadarko; correct? 2:13PM 11 A It depends on the analyst, but analysts 12 generally discuss and frame the -- do report what the 13 company is saying and provide their own commentary on 14 that. 15 So I view them in, among other things, 2:14PM 16 playing that role. 17 Q And analysts also asked questions about 18 Shenandoah at earnings calls? 19 A Yes. 20 Q Did you analyze Anadarko's announcements 2:14PM 21 of the Shenandoah well results? 22 A All of the event study results I did is in 23 my report. So that would be the alleged misrep dates 24 and the corrected -- and then the May dates. So that 25 is the complete list of dates that I looked at. 2:14PM</p> <p style="text-align: right;">Page 38</p>	<p>1 Q Shenandoah 1 as the name denotes, that was 2:15PM 2 the first well that discovered oil in Shenandoah; 3 correct? 4 A That's my understanding. 5 Q And that was in 2009? 2:16PM 6 A Yes. 7 Q And the announcement that oil was 8 discovered was the kind of information investors 9 would want to know about Anadarko; correct? 10 A Yes. I think we agreed that I did not 2:16PM 11 analyze the 2009 pre-class period disclosure. So I'm 12 very hesitant to weigh in on that. 13 Q Sure. Let's step back for a moment. 14 Anadarko is an oil and gas company; right? 15 A Yes. 2:16PM 16 Q And Anadarko seeks to find oil; correct? 17 A Yes. 18 Q Shenandoah 1 was an announcement of 19 finding oil in the Gulf of Mexico; correct? 20 A That's my understanding. 2:16PM 21 Q So generally speaking, it would be the 22 type of announcement that investors would be 23 interested in about Anadarko; correct? 24 A Again, you're asking me to analyze an 25 announcement and analyst commentary I did not focus 2:16PM</p> <p style="text-align: right;">Page 40</p>
<p>1 Q And your analysis -- 2:14PM 2 A I did a little work on April, too, so 3 there's April Firestone, there's the May dates and 4 there's the alleged misrepresentation dates. 5 I guess one -- there is a lot of event 2:14PM 6 studies. The other thing I would say is and then 7 for my efficiency analysis, I looked at some dates 8 as well. So I'm sorry. 9 Those would be the complete list of dates 10 that I looked at. 2:15PM 11 Q Okay. So that would be the complete list 12 of dates that you looked at and your analysis is 13 contained within the four corners of your various 14 reports; correct? 15 A Yes. 2:15PM 16 Q Now, I understand your testimony to be 17 that you focused in mostly on the class period 18 dates. Did you also analyze the Shenandoah 1 19 announcement? 20 A I don't have a specific discussion of that. 2:15PM 21 I would have to go back to my original report from a 22 year and a half ago -- a year plus ago for the analyst 23 reports. 24 My memory is that's mostly class period, 25 but I would have to confirm that. 2:15PM</p> <p style="text-align: right;">Page 39</p>	<p>1 on. It was not Mr. Steinholt. 2:16PM 2 But I agree at a high level of generality 3 that if, for example, an oil company was going to 4 make a lot of money from oil, that that would be 5 something that would be relevant. 2:17PM 6 Q There was a statistically significant 7 increase following that announcement? 8 A I did not analyze that. I did not see that 9 in Mr. Steinholt's reports. 10 Q So it's your testimony that in none of his 2:17PM 11 reports he mentioned the increase following the 12 Shen 1 disclosure? 13 A You know, you can refresh my recollection. 14 Sitting here off the top of my head, I do not recall 15 that. 2:17PM 16 Q In any event, you did not test Shen 1 for 17 statistical significance? 18 A That's correct. All of the event study 19 results are the ones that I enumerated earlier. 20 Q Now, for purposes of analyzing price 2:17PM 21 impact, it's informative that there was a price 22 increase that's statistically significant following 23 the announcement of Shenandoah 1; right? 24 A No, I don't -- the analysis that's 25 appropriate is the one -- the set of analyses that I 2:17PM</p> <p style="text-align: right;">Page 41</p>

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<p>1 did. 2:18PM</p> <p>2 Q But you sitting here today have no reason</p> <p>3 to dispute that following the announcement of the</p> <p>4 results of Shenandoah 1, there was a statistically</p> <p>5 significant increase of the price for Anadarko 2:18PM</p> <p>6 common stock?</p> <p>7 A I don't have a view as to the statistical</p> <p>8 significance of a day in 2009, six years before the</p> <p>9 class period.</p> <p>10 Q That announced the discovery of 2:18PM</p> <p>11 Shenandoah?</p> <p>12 A In your hypothetical, yes, that's correct.</p> <p>13 So I did not -- I don't recall seeing that in</p> <p>14 Mr. Steinholt's reports, in his damages or anything</p> <p>15 else. 2:18PM</p> <p>16 But no, I don't know offhand that</p> <p>17 particular result six years before the class period</p> <p>18 of time.</p> <p>19 Q Okay. Again, announcing Shenandoah but</p> <p>20 we'll leave that aside. 2:18PM</p> <p>21 No one else at Compass Lexecon performed</p> <p>22 any analysis to discern whether the Shenandoah 1</p> <p>23 announcement was statistically significant?</p> <p>24 A Not to my knowledge.</p> <p>25 Q Now, the results of Shenandoah 2 were 2:19PM</p> <p style="text-align: right;">Page 42</p>	<p>1 A I did not memorize the March 2013 2:20PM</p> <p>2 announcement. I'm sure the document speaks for</p> <p>3 itself.</p> <p>4 Q Again, that would be value-relevant</p> <p>5 information for Anadarko; correct? 2:20PM</p> <p>6 A It's possible. Depends on the facts and</p> <p>7 circumstances, including oil prices.</p> <p>8 But again, a statement years before the</p> <p>9 class period, I don't see the relevance of.</p> <p>10 Again, it did not figure, in my memory, in 2:20PM</p> <p>11 Mr. Steinholt's work.</p> <p>12 MS. JENSEN: So I'm going to move to</p> <p>13 strike everything after "depends on the facts and</p> <p>14 circumstances."</p> <p>15 The rest of it is nonresponsive, 2:20PM</p> <p>16 Dr. Ferrell.</p> <p>17 Q The Shenandoah 2 announcement also</p> <p>18 indicated that the company was holding it out as a</p> <p>19 potentially giant field. Do you recall that?</p> <p>20 A I do not. I would be happy to look at the 2:21PM</p> <p>21 disclosure if you want to refresh my recollection.</p> <p>22 Q The announcement?</p> <p>23 A As I understand your question, you're citing</p> <p>24 to an announcement by the company in 2013. All I'm</p> <p>25 saying is I did not memorize the wording in this 2:21PM</p> <p style="text-align: right;">Page 44</p>
<p>1 announced in March of 2013; right? 2:19PM</p> <p>2 A That's my memory.</p> <p>3 Q Okay. And do you also recall that in</p> <p>4 those announcements, the company said the Shenandoah</p> <p>5 field was one of Anadarko's largest oil discoveries 2:19PM</p> <p>6 in the Gulf of Mexico?</p> <p>7 A I don't remember that specific language, but</p> <p>8 I do remember maybe it was in the complaint or</p> <p>9 Mr. Steinholt's background, March 2013.</p> <p>10 Q And so an announcement that Shenandoah was 2:19PM</p> <p>11 one of the largest oil discoveries in the Gulf of</p> <p>12 Mexico, that would be the type of information an</p> <p>13 investor would want to know about Anadarko; right?</p> <p>14 A Look, I agree that if any company has</p> <p>15 something that's highly profitable, then that would be 2:19PM</p> <p>16 value relevant.</p> <p>17 Again, I focused on the class period</p> <p>18 misrepresentations alleged and the corrective</p> <p>19 disclosure and the treatment thereof by</p> <p>20 Mr. Steinholt. 2:20PM</p> <p>21 Q Are you -- do you also recall that the</p> <p>22 company boasted in that announcement that it was</p> <p>23 strategically positioned in the Shenandoah basin,</p> <p>24 which had the potential to become one of the most</p> <p>25 prolific new areas in the Deepwater Gulf of Mexico? 2:20PM</p> <p style="text-align: right;">Page 43</p>	<p>1 particular announcement. 2:21PM</p> <p>2 Q Okay.</p> <p>3 A So I would be happy to take a look at a</p> <p>4 document --</p> <p>5 Q Sure. But no reason to dispute that 2:21PM</p> <p>6 Anadarko was holding Shenandoah out as a potentially</p> <p>7 giant field in that Shenandoah 2 announcement?</p> <p>8 MS. ROSENBERG: Objection to form.</p> <p>9 THE WITNESS: I'm sure there is a record</p> <p>10 of what the company said and it says what it says. 2:21PM</p> <p>11 BY MS. JENSEN:</p> <p>12 Q Do you understand what a giant oil field</p> <p>13 is?</p> <p>14 A I understand the English terms, yes.</p> <p>15 Q You don't understand the industry term? 2:22PM</p> <p>16 A Well, you're doing an excerpt from the</p> <p>17 company announcement. I do understand the phrase</p> <p>18 "giant oil field."</p> <p>19 Q What do you understand that to be?</p> <p>20 A An oil field that is large. 2:22PM</p> <p>21 Q So you don't understand what the industry</p> <p>22 term is?</p> <p>23 A I'm not sure I'm following what your</p> <p>24 question is.</p> <p>25 Q Sure. Someone who is not an oil and gas 2:22PM</p> <p style="text-align: right;">Page 45</p>

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<p>1 expert wouldn't be expected to understand the 2:22PM</p> <p>2 industry term for a giant field as one that has</p> <p>3 500 million barrels of oil --</p> <p>4 A That I do recall. I remember seeing that in</p> <p>5 the documents. 2:22PM</p> <p>6 Q Okay.</p> <p>7 A I do not know that this particular phrase</p> <p>8 from this particular announcement was referring to</p> <p>9 that, but yes, I do recall that.</p> <p>10 Q And a reference to a field having 2:22PM</p> <p>11 500 million barrels of oil or oil equivalent would</p> <p>12 be also value-relevant information to investors;</p> <p>13 correct?</p> <p>14 A Depending on the facts and circumstances,</p> <p>15 the oil prices, the cost of getting it out, et cetera, 2:23PM</p> <p>16 et cetera.</p> <p>17 Q But standing on its own, all things equal,</p> <p>18 it would be a pretty exciting development to find a</p> <p>19 giant oil field; right?</p> <p>20 MS. ROSENBERG: Objection. 2:23PM</p> <p>21 THE WITNESS: It depends on the cost and</p> <p>22 the oil prices and so forth, but I'm not disputing</p> <p>23 it could be value relevant, sure.</p> <p>24 BY MS. JENSEN:</p> <p>25 Q And you have no reason to dispute that the 2:23PM</p> <p style="text-align: right;">Page 46</p>	<p>1 about. 2:24PM</p> <p>2 So the answer to the question would be no.</p> <p>3 Q So the -- you do understand the notion of</p> <p>4 a price maintenance theory; right?</p> <p>5 A Yes. 2:25PM</p> <p>6 Q And that is that the price -- or inflation</p> <p>7 is already priced into the stock at the beginning of</p> <p>8 the class period; is that right?</p> <p>9 A I think that's a fair way to put it. That</p> <p>10 is to say that there is no price reaction because the 2:25PM</p> <p>11 alleged misrepresentation is meeting expectations or</p> <p>12 some notion like that.</p> <p>13 Q Now, the larger the oil resource range in</p> <p>14 the context of an oil discovery, the greater the</p> <p>15 expectations for future cash flow; correct? 2:25PM</p> <p>16 A Could you restate the question?</p> <p>17 Q Yes, I know, it didn't come out quite</p> <p>18 right. Let me try that again.</p> <p>19 In the oil and gas business, the larger</p> <p>20 the oil discovery, or the resource range as it's 2:26PM</p> <p>21 sometimes called, the greater the expectation is for</p> <p>22 future of cash flow; is that right?</p> <p>23 MS. ROSENBERG: Objection to form.</p> <p>24 THE WITNESS: Again, you know, and this is</p> <p>25 I think reflected in the analysts' reports during 2:26PM</p> <p style="text-align: right;">Page 48</p>
<p>1 price of Anadarko common stock increased by a 2:23PM</p> <p>2 statistically significant amount after the results</p> <p>3 of Shenandoah 2 were announced; correct?</p> <p>4 A I'm going to have the same colloquially that</p> <p>5 we had with Shenandoah 1. It was not, as I remember, 2:23PM</p> <p>6 either in Mr. Steinholt's work or mine in terms of the</p> <p>7 event study results.</p> <p>8 Q So I'm just focusing on you, Dr. Ferrell.</p> <p>9 So let's leave Mr. Steinholt out of this. Whether</p> <p>10 or not you can recall or whatever what he put in his 2:23PM</p> <p>11 report is a different matter, but I'm just asking</p> <p>12 for you.</p> <p>13 You have no reason to dispute that the</p> <p>14 price of Anadarko common stock increased by a</p> <p>15 statistically significant amount following the 2:24PM</p> <p>16 Shen 2 announcement; correct?</p> <p>17 A That's correct.</p> <p>18 Q And that type of information, a</p> <p>19 statistically significant increase in the price,</p> <p>20 would be informative for a price impact analysis; 2:24PM</p> <p>21 correct?</p> <p>22 A Well, I want to be careful here. The price</p> <p>23 impact analysis, as I understand it, is concerning the</p> <p>24 price impact of the alleged misrepresentations which</p> <p>25 happened years after the events that we're talking 2:24PM</p> <p style="text-align: right;">Page 47</p>	<p>1 the class period is it would be a function of a 2:26PM</p> <p>2 number of variables, including the cost of getting</p> <p>3 it out, including oil prices and et cetera.</p> <p>4 So you certainly want to consider the size</p> <p>5 in conjunction with all those other factors. 2:26PM</p> <p>6 BY MS. JENSEN:</p> <p>7 Q Resource size is one of those other</p> <p>8 factors?</p> <p>9 A Sure, so the resource size meaning is it X</p> <p>10 number of barrels or Y number of barrels in 2:26PM</p> <p>11 conjunction with oil prices and cost and so forth.</p> <p>12 Q So a reasonable investor then would want</p> <p>13 to know if the resource size was shrinking over</p> <p>14 time; right?</p> <p>15 A You used the phrase "reasonable investor." 2:27PM</p> <p>16 To my mind that has a legal connotation.</p> <p>17 Q Sure. Okay. That's fair. Okay.</p> <p>18 But investors, generally speaking, we'll</p> <p>19 set aside reasonable investor, but that is the type</p> <p>20 of information that investors would be interested in 2:27PM</p> <p>21 as value relevant; correct?</p> <p>22 A I agree that investors, the market would</p> <p>23 want to know value-relevant information. And if an</p> <p>24 oil find, given the costs and the revenues given oil</p> <p>25 prices, is going to generate positive net present 2:27PM</p> <p style="text-align: right;">Page 49</p>

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<p>1 value, that would be value-relevant information. 2:27PM</p> <p>2 Q And so it would be value-relevant</p> <p>3 information if, for example, the resource size</p> <p>4 shrank by 70 percent?</p> <p>5 MS. ROSENBERG: Objection to form. 2:27PM</p> <p>6 THE WITNESS: It could, but it depends on</p> <p>7 the facts and circumstances. So if oil prices, for</p> <p>8 example, were such that whether it's one size or</p> <p>9 another, it was never going to be developed or</p> <p>10 profitable, that would be a factor as well. 2:28PM</p> <p>11 So I would want to look at the market's</p> <p>12 view, either through an event study analysis and all</p> <p>13 the potential factors that would feed into what is</p> <p>14 value-relevant information.</p> <p>15 BY MS. JENSEN: 2:28PM</p> <p>16 Q So for purposes of my question, let's just</p> <p>17 hold everything steady, okay?</p> <p>18 Everything else is steady, we've got oil</p> <p>19 prices steady. We've got costs steady. The one</p> <p>20 thing that is changing, the variable that is dynamic 2:28PM</p> <p>21 here and decreasing is resource size.</p> <p>22 A Mm-hmm.</p> <p>23 Q On the order of magnitude of 70 percent.</p> <p>24 Now, that would be value-relevant information for</p> <p>25 investors; correct? 2:28PM</p> <p style="text-align: right;">Page 50</p>	<p>1 MS. JENSEN: Okay. Let's take a quick 2:30PM</p> <p>2 break. We can go off the record.</p> <p>3 THE VIDEOGRAPHER: Going off the record.</p> <p>4 The time is 2:30 p.m.</p> <p>5 (Recess taken.) 2:44PM</p> <p>6 THE VIDEOGRAPHER: We're back on the</p> <p>7 record. It's 2:44 p.m.</p> <p>8 MS. JENSEN: Okay. Welcome back,</p> <p>9 Dr. Ferrell.</p> <p>10 I have marked an exhibit, though I will 2:44PM</p> <p>11 say, Lynne, that the stamp does not seem to be</p> <p>12 showing up on here. So I don't know if that's</p> <p>13 something you can do on the back end.</p> <p>14 (Discussion off the record.)</p> <p>15 MS. JENSEN: Great. This is -- I have 2:44PM</p> <p>16 marked as Exhibit 520 a document that bears the</p> <p>17 Bates stamp APC-01761560.</p> <p>18 (Whereupon, Exhibit 520 was marked for</p> <p>19 identification.)</p> <p>20 BY MS. JENSEN: 2:45PM</p> <p>21 Q Dr. Ferrell, do you see that document?</p> <p>22 A I do.</p> <p>23 Q Minus an exhibit stamp.</p> <p>24 Have you seen this document before?</p> <p>25 A I might have seen it referenced in the 2:45PM</p> <p style="text-align: right;">Page 52</p>
<p>1 MS. ROSENBERG: Objection -- 2:28PM</p> <p>2 THE WITNESS: It could be value relevant,</p> <p>3 again, if what you're holding constant doesn't</p> <p>4 render unprofitable or not a net value present</p> <p>5 project to begin with. 2:28PM</p> <p>6 So but I'm not arguing that it could be</p> <p>7 value relevant. It would depend on -- it would be</p> <p>8 an empirical question.</p> <p>9 But -- so with that framing, I agree that</p> <p>10 it could be value relevant. 2:29PM</p> <p>11 BY MS. JENSEN:</p> <p>12 Q And if the resource size shrank so much</p> <p>13 that all other things being held steady but that</p> <p>14 factor rendered the oil prospect unviable, that</p> <p>15 would be value relevant; correct? 2:29PM</p> <p>16 A So if I understand the hypothetical, your</p> <p>17 hypothetical is that -- your hypothetical is there is</p> <p>18 a value -- net present value project that the market</p> <p>19 views as net present value.</p> <p>20 And something changed, in your example the 2:29PM</p> <p>21 resource size changed, such that it's no longer, in</p> <p>22 your hypothetical, viewed as a net present value</p> <p>23 project.</p> <p>24 I agree, it follows that that would be</p> <p>25 value relevant. I mean almost tautologically. 2:29PM</p> <p style="text-align: right;">Page 51</p>	<p>1 complaint or discussion of Shen 2, that's my general 2:45PM</p> <p>2 recollection.</p> <p>3 Q So this is a document that was cited in</p> <p>4 your report at Appendix 2-7.</p> <p>5 A Can I take a look at the document? Can I 2:45PM</p> <p>6 read it?</p> <p>7 Q Yes.</p> <p>8 A Yes, okay. I see it.</p> <p>9 Q And does it appear to be the same document</p> <p>10 as you cited in your report? 2:45PM</p> <p>11 This is an article "Anadarko Petroleum,</p> <p>12 Four Partners Announce Gulf of Mexico Discovery."</p> <p>13 This is March 19th, 2013 on the Dow Jones News</p> <p>14 wires.</p> <p>15 A You want me to look at my docs relied upon 2:46PM</p> <p>16 list, is that the question?</p> <p>17 Q You can, yes. Do you have any reason to</p> <p>18 doubt that you cited this?</p> <p>19 A I was just asking you what your question</p> <p>20 was. No, I don't have any reason to doubt. 2:46PM</p> <p>21 Q Okay. We were talking a little bit</p> <p>22 earlier about Shen 2 and whether you had analyzed</p> <p>23 the price increase after the announcement.</p> <p>24 You see that this report, which you cite</p> <p>25 as a materials relied upon, as saying that shares of 2:46PM</p> <p style="text-align: right;">Page 53</p>

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<p>1 the Anadarko are up 2.3 percent in after-hours 2:46PM</p> <p>2 trading the date of this announcement?</p> <p>3 A It does say that.</p> <p>4 Q And in this announcement, it also uses the</p> <p>5 same language I had referred to earlier as the 2:47PM</p> <p>6 potentially giant project?</p> <p>7 A That's in the beginning of the document.</p> <p>8 Q Okay. So this was in your materials</p> <p>9 relied upon, but you did not analyze whether this</p> <p>10 increase was statistically significant? 2:47PM</p> <p>11 A Correct.</p> <p>12 Q Okay. You can set that aside.</p> <p>13 Okay. We talked a little bit about</p> <p>14 value-relevant information. In your opinion would</p> <p>15 investors have wanted to know about risks to the 2:48PM</p> <p>16 commercial viability of Shenandoah?</p> <p>17 A This is a very abstract question, but I</p> <p>18 think that for any -- if a project is value relevant,</p> <p>19 then in holding constant cash flows if the risk is</p> <p>20 non-diversifiable, then it would affect the net 2:48PM</p> <p>21 present value calculation.</p> <p>22 Again, holding constant cash flows, if the</p> <p>23 source of risk is non-diversifiable, that's the type</p> <p>24 of risk that we priced.</p> <p>25 So to that extent, it would be relevant to 2:48PM</p> <p style="text-align: right;">Page 54</p>	<p>1 disclosure or omission. 2:50PM</p> <p>2 But at a high-level generality it is to</p> <p>3 say that in a net present value calculation, there's</p> <p>4 two inputs, the discount rate or the measure of risk</p> <p>5 and the cash flows. 2:50PM</p> <p>6 So yes, by definition, if you change one,</p> <p>7 it would change the net present value.</p> <p>8 Again, risk meaning -- defined in the way</p> <p>9 that I just did.</p> <p>10 Q Now, in your opinion, would investors want 2:50PM</p> <p>11 to know if someone on the Shenandoah project, a lead</p> <p>12 reservoir engineer, had filed a SEC whistleblower</p> <p>13 complaint with the SEC?</p> <p>14 MS. ROSENBERG: Objection, form.</p> <p>15 THE WITNESS: You're asking things outside 2:50PM</p> <p>16 the scope of my opinion. So with respect to any</p> <p>17 piece of information, I'm looking at whether it's</p> <p>18 value relevant and would have a price impact, I</p> <p>19 would want to do the type of analysis that I do for</p> <p>20 the information that I do analyze. 2:51PM</p> <p>21 BY MS. JENSEN:</p> <p>22 Q Why don't you go ahead and -- in the</p> <p>23 context of, for example, my question.</p> <p>24 So my question being, would investors want</p> <p>25 to know if the project lead had filed a 2:51PM</p> <p style="text-align: right;">Page 56</p>
<p>1 the net present value calculation. 2:48PM</p> <p>2 Q Right. Because it would have implications</p> <p>3 for future cash flows; right?</p> <p>4 A No, no, no. So as I understood your</p> <p>5 question, you have cash flows and you have the risks 2:48PM</p> <p>6 that are -- so holding constant the cash flows, if you</p> <p>7 change the risk profile, that can affect the net</p> <p>8 present value if what we mean by risk is</p> <p>9 non-diversifiable sources of risk.</p> <p>10 Q What do you mean by non-diversifiable 2:49PM</p> <p>11 risks?</p> <p>12 A If we're talking about a net present value,</p> <p>13 traditionally you discount cash flows by risk that</p> <p>14 can't be shed by, for example, owning a diversified</p> <p>15 portfolio. 2:49PM</p> <p>16 Q Right. So again, in my hypothetical or in</p> <p>17 my question really, we're holding this constant and</p> <p>18 we're saying that it would either -- as I</p> <p>19 understand, it would either increase the risk</p> <p>20 thereby, it would change the cash flow profile of it 2:49PM</p> <p>21 or it could also impact the discount rate; right?</p> <p>22 A So we're talking at a very high-level</p> <p>23 generality, so I'm not --</p> <p>24 Q Yes.</p> <p>25 A I'm not making an interpretation of any 2:50PM</p> <p style="text-align: right;">Page 55</p>	<p>1 whistleblower complaint with the SEC alleging 2:51PM</p> <p>2 Anadarko was misleading the market about Shen's</p> <p>3 commerciality?</p> <p>4 Would that be value relevant?</p> <p>5 A Again, I don't know the content -- I mean, I 2:51PM</p> <p>6 did read the complaint that references that. I don't</p> <p>7 know all the fact and circumstances.</p> <p>8 But, again, any piece of information,</p> <p>9 whether it's a whistleblower or some other piece of</p> <p>10 information, I would want to look at event study 2:51PM</p> <p>11 analyses to see whether the market priced it when it</p> <p>12 is disclosed.</p> <p>13 So, again, I analyzed specific pieces of</p> <p>14 information and for any hypothetical with any other</p> <p>15 type of information, your example of whistleblower, 2:51PM</p> <p>16 I would do the same approach that I did here.</p> <p>17 Q And in the absence of data on a market</p> <p>18 reaction because in this instance, for example,</p> <p>19 Anadarko was acquired and no longer sold on the</p> <p>20 market when it was disclosed, what would be the 2:52PM</p> <p>21 factors you would want to look at to determine</p> <p>22 whether it would be value relevant?</p> <p>23 A I would have to think about it. I don't</p> <p>24 have an off-the-cuff answer.</p> <p>25 Q Okay. But certainly it could increase the 2:52PM</p> <p style="text-align: right;">Page 57</p>

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<p>1 risks for the project if it was meritorious; 2:52PM</p> <p>2 correct?</p> <p>3 MS. ROSENBERG: Objection, form.</p> <p>4 THE WITNESS: It's an incomplete</p> <p>5 hypothetical. I would need to think about it, 2:52PM</p> <p>6 including whether risk is diversifiable or not.</p> <p>7 I would -- I just would need to think</p> <p>8 about it. It's not the subject of my report.</p> <p>9 BY MS. JENSEN:</p> <p>10 Q Sure. But a whistleblower complaint -- 2:52PM</p> <p>11 I'm just stepping back for a second. I mean, you've</p> <p>12 been doing this for a long time.</p> <p>13 A whistleblower complaint can increase</p> <p>14 the -- can increase legal costs to the company, for</p> <p>15 example? 2:53PM</p> <p>16 A Anything is possible. But I just haven't</p> <p>17 considered it -- I don't have an answer off the cuff.</p> <p>18 It's just not the subject of my report.</p> <p>19 Q So you're not opining one way or the other</p> <p>20 as to whether the whistleblower complaint in this 2:53PM</p> <p>21 case was value relevant?</p> <p>22 A Correct.</p> <p>23 Q In your opinion would investors want to</p> <p>24 know --</p> <p>25 A With a quick caveat, which is I do analyze 2:53PM</p> <p style="text-align: right;">Page 58</p>	<p>1 whistleblower complaint. 2:54PM</p> <p>2 Q So in your opinion, would investors want</p> <p>3 to consider that Shenandoah was not commercial</p> <p>4 during the class period?</p> <p>5 A Your questions are pitched at a very-high 2:55PM</p> <p>6 level generality. So what the market would want to</p> <p>7 know is value-relevant information. And so it's an</p> <p>8 empirical question as to whether any piece of</p> <p>9 information is value relevant or not.</p> <p>10 Q And the commerciality of Shenandoah would 2:55PM</p> <p>11 fall into the category of value-relevant</p> <p>12 information; correct?</p> <p>13 A Well, I would want to look at the</p> <p>14 disclosures concerning what is alleged to be value</p> <p>15 relevant and see -- you know, do the analysis to see 2:55PM</p> <p>16 how the market prices that information.</p> <p>17 Q One of the things that would be important</p> <p>18 to find out whether, for example, after the</p> <p>19 Shenandoah discovery was announced, whether the</p> <p>20 price increased; right? 2:55PM</p> <p>21 A So if you're referring to a statement made</p> <p>22 six years and two years before the class period, I</p> <p>23 don't think that's the -- you know, I'm analyzing the</p> <p>24 alleged misstatements, the 21 or so here in the</p> <p>25 alleged corrective disclosures. In my view that's the 2:56PM</p> <p style="text-align: right;">Page 60</p>
<p>1 certain disclosures. To the extent -- I'm not saying 2:53PM</p> <p>2 if this holds true, but to the extent that the</p> <p>3 information I do analyze the after-market close</p> <p>4 disclosures on May 3rd intersect with what some --</p> <p>5 your whistleblower complaint would only be to that 2:53PM</p> <p>6 extent.</p> <p>7 Q Well, I mean, let's not talk in</p> <p>8 generalities. Are you saying that you've analyzed</p> <p>9 the whistleblower complaint in your report?</p> <p>10 A No, what I am saying is I did analyze 2:54PM</p> <p>11 specific disclosures and to the extent that those</p> <p>12 disclosures would have been revealed in your</p> <p>13 hypothetical disclosure whistleblower is the extent to</p> <p>14 which I analyzed it.</p> <p>15 I'm not providing an opinion on 2:54PM</p> <p>16 whistleblower complaint.</p> <p>17 Q I mean, I just want to be clear. I don't</p> <p>18 want to have us two ships in the night.</p> <p>19 Did you analyze the whistleblower</p> <p>20 complaint in your report or not? 2:54PM</p> <p>21 A No, I analyzed specific disclosures that had</p> <p>22 a price impact.</p> <p>23 And again, to the extent that those two</p> <p>24 questions overlap is the extent to which I analyzed</p> <p>25 it, but I'm not providing an opinion on the 2:54PM</p> <p style="text-align: right;">Page 59</p>	<p>1 appropriate way to do the analysis. 2:56PM</p> <p>2 Q But you limited your analysis to the class</p> <p>3 period even though there were announcements related</p> <p>4 to Shenandoah that predated it?</p> <p>5 A Well, this is not an open-ended exercise. 2:56PM</p> <p>6 There's specific statements that are alleged to be</p> <p>7 misrepresentations that do not include the two</p> <p>8 statements that we have been discussing. They begin</p> <p>9 in 2015.</p> <p>10 And there's information that is alleged to 2:56PM</p> <p>11 be corrected and to measure the value of that</p> <p>12 information, the information being the corrective</p> <p>13 information in the statement.</p> <p>14 So that's my understanding of the relevant</p> <p>15 inquiry. 2:56PM</p> <p>16 Q You do understand the life span of oil</p> <p>17 discoveries can be long; right?</p> <p>18 A That seems fair.</p> <p>19 Q And you also understand that in securities</p> <p>20 fraud cases, there are statutes of limitations; 2:56PM</p> <p>21 right?</p> <p>22 A That sounds right.</p> <p>23 Q So you have no reason to doubt that some</p> <p>24 of the time frame that may be relevant to Shenandoah</p> <p>25 predates the class period for legal reasons? 2:57PM</p> <p style="text-align: right;">Page 61</p>

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<p>1 MS. ROSENBERG: Objection to form. 2:57PM</p> <p>2 THE WITNESS: I'm not sure I understand</p> <p>3 what the question is.</p> <p>4 My understanding is and my assignment was</p> <p>5 for whatever reasons, there is a complaint that 2:57PM</p> <p>6 alleges specific misstatements beginning in February</p> <p>7 2015 and there is an analysis that reports the</p> <p>8 value, the impact of those misstatements and</p> <p>9 that's -- whatever the legal context is that arrived</p> <p>10 at those claims, those are the claims that I am 2:57PM</p> <p>11 addressing in this context.</p> <p>12 BY MS. JENSEN:</p> <p>13 Q Sure. There's -- to close the loop on</p> <p>14 that, you're not opining that any information prior</p> <p>15 to the class period is immaterial; correct, on 2:57PM</p> <p>16 the --</p> <p>17 A If the question is, is it possible, prior to</p> <p>18 February 2015, there were other disclosures by the</p> <p>19 company, whether it be -- whatever the disclosure</p> <p>20 might be that could be value relevant, sure. 2:58PM</p> <p>21 But that's not -- the question here is</p> <p>22 there's 21 specific alleged misrepresentations and</p> <p>23 corrective disclosures thereof and that's what I'm</p> <p>24 focused on.</p> <p>25 Q So in terms of those 21 days that -- 2:58PM</p> <p style="text-align: right;">Page 62</p>	<p>1 misstatements. 3:00PM</p> <p>2 Q Earnings announcements represent new</p> <p>3 information; right?</p> <p>4 A They can. They can meet expectations or</p> <p>5 they can be -- it could be a surprise or it could meet 3:00PM</p> <p>6 expectations. Obviously it depends.</p> <p>7 Q So is earnings information the type of</p> <p>8 information investors want to know?</p> <p>9 A Well, again, earnings can certainly be value</p> <p>10 relevant. Whether -- again, it can meet expectations 3:00PM</p> <p>11 or it could be a surprise that's negative or positive</p> <p>12 for the company.</p> <p>13 Q So is it -- are you opining that new</p> <p>14 relevant information has to miss or exceed</p> <p>15 expectations, it can never be meeting expectations? 3:01PM</p> <p>16 A That's not what I said. I said that</p> <p>17 earnings can take different forms, including meeting</p> <p>18 expectations. That's not to say that in the</p> <p>19 hypothetical earnings that met expectations, that's</p> <p>20 not to say that an earnings miss would not have 3:01PM</p> <p>21 elicited a stock price reaction.</p> <p>22 Q So let me just make sure I understand.</p> <p>23 So is it possible then that there can be</p> <p>24 new value-relevant information that meets</p> <p>25 expectations? 3:01PM</p> <p style="text-align: right;">Page 64</p>
<p>1 A I believe it's 21. Let me -- I don't want 2:58PM</p> <p>2 to -- let me confirm that.</p> <p>3 I believe it's -- yes, there's 21 dates</p> <p>4 listed in my Appendix 4.</p> <p>5 Q So is it your contention that if 2:58PM</p> <p>6 Anadarko's alleged misleading statements contained</p> <p>7 new value-relevant information, then the stock price</p> <p>8 would have increased on those 21 days by a</p> <p>9 statistically significant amount?</p> <p>10 A It's my contention that that would be 2:59PM</p> <p>11 relevant economic evidence that would need to be</p> <p>12 considered, that is, whether the misrepresentations</p> <p>13 reveal value-relevant information as evidenced by the</p> <p>14 stock price reaction.</p> <p>15 Q But you're not opining that there is no 2:59PM</p> <p>16 other way to evidence the value-relevant information</p> <p>17 that was priced into the stock during the class</p> <p>18 period?</p> <p>19 A Well, I do -- I do think it's important to</p> <p>20 do not just the front end 21 alleged 2:59PM</p> <p>21 misrepresentations but the back end as well, by which</p> <p>22 I mean the alleged corrective disclosures, the</p> <p>23 corrected disclosure reactions to which are being used</p> <p>24 to measure the value of the information that's claimed</p> <p>25 to have been misrepresented in those 21 alleged 3:00PM</p> <p style="text-align: right;">Page 63</p>	<p>1 A Well, if we're going to get into I think 3:01PM</p> <p>2 semantics here. It wouldn't be new in the sense that</p> <p>3 it was anticipated by the market. So if it meets</p> <p>4 expectations, it's not new. It can be value relevant,</p> <p>5 but it wouldn't be new because it's anticipated. 3:01PM</p> <p>6 It would be value relevant in the sense</p> <p>7 that if another disclosure had been made, some</p> <p>8 but-for disclosure that could and should have been</p> <p>9 made that deviated from that expected earnings, that</p> <p>10 that could have elicited a price reaction. 3:02PM</p> <p>11 Q Now, as I understand it, you contend that</p> <p>12 this is a basic economic principle; is that right?</p> <p>13 A I don't --</p> <p>14 Q That's not how you would say it?</p> <p>15 A I don't understand what your question is. 3:02PM</p> <p>16 Q Okay. So is there somewhere in the</p> <p>17 literature I could look for this definition of new</p> <p>18 value-relevant information?</p> <p>19 A Well, I think it's the definition of the</p> <p>20 efficient markets, right. So the semi-strong 3:02PM</p> <p>21 efficient market would be a market that quickly</p> <p>22 impounds new value-relevant information.</p> <p>23 So a market that's efficient, if</p> <p>24 information is anticipated, that means it's been</p> <p>25 priced. 3:03PM</p> <p style="text-align: right;">Page 65</p>

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<p>1 So the way I would view it is it goes to 3:03PM</p> <p>2 the definition of an efficient market.</p> <p>3 If the market anticipated the information,</p> <p>4 that means it would have been priced.</p> <p>5 Q Okay. So if I understand your explanation 3:03PM</p> <p>6 in your report of the alleged misstatement days,</p> <p>7 even if there is a statistically significant price</p> <p>8 increase, there is another step that an expert must</p> <p>9 look for, which is confounding factors that could</p> <p>10 have offset the representation; is that right? 3:03PM</p> <p>11 A Yes, or, you know, just -- I'm putting it at</p> <p>12 a more general level. You want to think about the</p> <p>13 informational market and the change in the total mix</p> <p>14 that would be consistent with a stock price reaction</p> <p>15 that one is observing. 3:04PM</p> <p>16 Q And did you perform this step for each of</p> <p>17 the 21 days that you analyzed?</p> <p>18 A I did that for the -- I believe three days</p> <p>19 that are statistically significant.</p> <p>20 Q How did you go about doing that? 3:04PM</p> <p>21 A Well, I looked at the -- let me turn to my</p> <p>22 report. Sorry, this is in my appendix.</p> <p>23 So I'm looking at Appendix 5-1. So I</p> <p>24 obviously looked at the information release in</p> <p>25 question. I look at analysts' reports that's, you 3:05PM</p> <p style="text-align: right;">Page 66</p>	<p>1 A I'll read Footnote 14. I state 3:06PM</p> <p>2 "Specifically, I searched the Lexis-Nexis and Factiva</p> <p>3 databases for news articles with 'Anadarko' in the</p> <p>4 headline and lead paragraph."</p> <p>5 Q Why did you use that methodology? 3:06PM</p> <p>6 A To try to understand the total mix of</p> <p>7 information.</p> <p>8 Q And that's a reliable way of understanding</p> <p>9 the total mix of information?</p> <p>10 A Reading -- there's nothing wrong with 3:07PM</p> <p>11 reading -- I'm not quite sure I understand. So is it</p> <p>12 reliable to read press articles, I mean, it obviously</p> <p>13 depends on what you do with it.</p> <p>14 But I don't see why as part of</p> <p>15 understanding the total mix that wouldn't be 3:07PM</p> <p>16 something that you could consider.</p> <p>17 Q It's a reliable way of searching for press</p> <p>18 articles; correct?</p> <p>19 A It's going to pull according to the search</p> <p>20 terms. 3:07PM</p> <p>21 Q What is the database it pulls against?</p> <p>22 A Lexis-Nexis and the Factiva databases per</p> <p>23 Footnote 14.</p> <p>24 Q No, I understand that. So what's in the</p> <p>25 Lexis database? 3:07PM</p> <p style="text-align: right;">Page 68</p>
<p>1 know, for these three dates, February 2nd, obviously 3:05PM</p> <p>2 I look at the disclosures by the company, the</p> <p>3 associated analyst reports, again, to understand the</p> <p>4 total mix of information and how it might have</p> <p>5 changed the way that's consistent with the observed 3:05PM</p> <p>6 stock price reactions.</p> <p>7 Q Okay. So you looked at analysts reports?</p> <p>8 A Well, my appendix speaks for itself. But,</p> <p>9 yes, I did -- in my Appendix 5, going through</p> <p>10 Appendix 5-1 through 5-7, did I look at analyst 3:05PM</p> <p>11 reports. Also press articles.</p> <p>12 Q Okay. And how did you go about looking at</p> <p>13 press articles?</p> <p>14 A Well, I'll read from my report.</p> <p>15 So, for example, in Paragraph 5 I state, 3:06PM</p> <p>16 "I also searched for press articles related to</p> <p>17 Anadarko on July 28th-29th, 2015."</p> <p>18 I have a footnote on that.</p> <p>19 I found press articles, and then I</p> <p>20 describe the press articles. So that in conjunction 3:06PM</p> <p>21 with analyst reports, the actual company disclosures</p> <p>22 and so forth.</p> <p>23 Q Okay. So I just want to be clear, so you</p> <p>24 searched for press articles. How did you search for</p> <p>25 press articles? 3:06PM</p> <p style="text-align: right;">Page 67</p>	<p>1 A Oh, I don't know the specifics. It's a 3:07PM</p> <p>2 general database of news articles. And Factiva I know</p> <p>3 covers lots of the leading publications, financial</p> <p>4 times, a lot of the general publication newspapers.</p> <p>5 But I don't have a specific list. 3:08PM</p> <p>6 I do know Factiva in particular is a very</p> <p>7 standard database for this sort of thing.</p> <p>8 Q So you would expect that any news report</p> <p>9 of note would be contained in those databases?</p> <p>10 A I think you're misstating what I'm saying. 3:08PM</p> <p>11 I'm saying I'm going to pull from these databases,</p> <p>12 standard databases, information based on the search</p> <p>13 term.</p> <p>14 Q Right. And so it pulls from all major</p> <p>15 news sources? 3:08PM</p> <p>16 A Well, my general understanding --</p> <p>17 recollection of Factiva is it has a lot of the major</p> <p>18 newspapers. And again, obviously, you know, you have</p> <p>19 to search it and so I used these search terms.</p> <p>20 Q Those databases do not contain Twitter 3:08PM</p> <p>21 feeds; right?</p> <p>22 A I do not believe so.</p> <p>23 Q And all of the analysis that you did for</p> <p>24 these three statistically significant days are</p> <p>25 contained in this appendix; right? 3:09PM</p> <p style="text-align: right;">Page 69</p>

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<p>1 A Yes, and I think this mirrors an earlier 3:09PM 2 report that is incorporated by reference, which I 3 believe is my opening report.</p> <p>4 Q Now, is it your opinion that the 5 statistically significant price impact following the 3:09PM 6 February 2nd, 2016 statement was not caused by the 7 alleged misleading statement or omission?</p> <p>8 A Let me just review this. 9 Yes, so that would be my opinion based on 10 what I say in Paragraphs 6 through 8 inclusive. 3:09PM</p> <p>11 Q Okay. And one of your reasons why the 12 decline was not caused by the misleading statement 13 was that investors were already aware that Anadarko 14 planned to invest --</p> <p>15 A I don't think it was a decline. 3:10PM</p> <p>16 Q I misspoke. You're right. Let me try 17 that one again.</p> <p>18 And one of your reasons why the price 19 increase was not caused by the misleading statement 20 was that investors were already aware that Anadarko 3:10PM 21 planned to invest in longer-dated projects despite 22 low oil prices?</p> <p>23 A Yes, I mean, you're reading in part the 24 earlier disclosure.</p> <p>25 Q Okay. Right. And so that's based on a 3:10PM Page 70</p>	<p>1 I'm sorry, what was the question again? 3:12PM</p> <p>2 Q What was the difference in the oil prices 3 there?</p> <p>4 A So February 2016, jeez, I'm going to -- it's 5 going to be hard to read this. I am a little hesitant 3:12PM 6 to -- I mean, I'm not going to be able to get the 7 exact --</p> <p>8 Q That's okay. But there is a difference; 9 right?</p> <p>10 A Oil prices do fluctuate, that's true. 3:13PM</p> <p>11 Q And so the oil price in October of 2015 --</p> <p>12 MS. JENSEN: Sorry, let's go off the 13 record real quick. Lauren, you probably want me to 14 take this if it's the court.</p> <p>15 MS. ROSENBERG: Okay. 3:13PM</p> <p>16 MS. JENSEN: Go off the record.</p> <p>17 THE VIDEOGRAPHER: We're off the record at 18 3:13 p.m. 19 (Recess taken.)</p> <p>20 THE VIDEOGRAPHER: We're back on the 3:14PM 21 record. It's 3:14 p.m.</p> <p>22 BY MS. JENSEN:</p> <p>23 Q Okay. So the oil price in October 2015 24 was around 45?</p> <p>25 A I'm sorry, October 2015? 3:15PM Page 72</p>
<p>1 statement by the company on October 28th, 2015? 3:10PM</p> <p>2 A Yes.</p> <p>3 Q Okay. And what was that statement?</p> <p>4 A I can just read that from my report.</p> <p>5 "Given the challenging supply and demand 3:11PM 6 fundamentals and continued uncertainty around 7 sustainably longer oil prices - sustainably higher 8 oil prices, you can expect us to see continued 9 investment in higher percentage longer cycle 10 opportunities, such as exploration, where we have 3:11PM 11 achieved very encouraging early results offshore 12 Colombia as well as success delineating our 13 activities at Shenandoah."</p> <p>14 Q And nowhere in that statement is 30-dollar 15 oil prices mentioned; is that correct? 3:11PM</p> <p>16 A That's correct. So \$30 is not specifically 17 mentioned in that excerpt.</p> <p>18 Q Right, right, right. So the statements 19 are different in that regard; right?</p> <p>20 A We can agree that \$30 is not in that portion 3:11PM 21 of the statement.</p> <p>22 Q Right. And the oil price on February 2nd, 23 2016, was it more or less than \$30?</p> <p>24 A Well, I have a figure on this.</p> <p>25 So on Page 22, I have the oil prices -- 3:12PM Page 71</p>	<p>1 Q Yes. 3:15PM</p> <p>2 A Forty, 45, I'm not quite sure. It's hard 3 to --</p> <p>4 Q Sure.</p> <p>5 A Given the spacing of the X axis to really 3:15PM 6 pin that down.</p> <p>7 Q So in any event, it's different to say 8 you're going to invest in long-dated projects 9 despite low oil prices in the 30s as opposed to when 10 oil is 46 or \$45 a barrel; right? 3:15PM</p> <p>11 A The oil price between February and October, 12 over that couple of month period did change. So 13 that's fair.</p> <p>14 Q Now, you mentioned in your report that 15 Shenandoah was not mentioned in some percentage of 3:15PM 16 analysts reports on that particular day, I believe 17 it was 58 percent.</p> <p>18 A That I have to refresh my recollection. So 19 we're focused on -- I'm sorry, so we're in 20 Paragraph 7, yes. I see that. 3:16PM</p> <p>21 Q Right. What percentages is necessary for 22 there to be an impact in your opinion?</p> <p>23 A I don't have -- I have no opinion. That's 24 not how I view it, so --</p> <p>25 Q Okay. There's nothing in the literature 3:16PM Page 73</p>

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<p>1 that supports a certain percentage of analysts 3:16PM</p> <p>2 having to mention something for there to be impact?</p> <p>3 A I never claimed otherwise.</p> <p>4 Q Okay. And you mentioned that none of the</p> <p>5 analysts' reports mention Shenandoah when adjusting 3:16PM</p> <p>6 estimates or price targets; right?</p> <p>7 A Yes.</p> <p>8 Q And that's important because if there was</p> <p>9 an adjustment to the price target based on the</p> <p>10 information, that means that future cash flows are 3:16PM</p> <p>11 different than previously expected; right?</p> <p>12 A Well, according to that analyst. Obviously</p> <p>13 you want to look at the total mix of information, but</p> <p>14 according to that analyst, then they are making an</p> <p>15 adjustment. 3:17PM</p> <p>16 So you want to look at the totality of the</p> <p>17 information, but yes, that would be part of the</p> <p>18 total mix.</p> <p>19 Q Right. And that relates to the value of</p> <p>20 the stock; right? 3:17PM</p> <p>21 A Well, no. I mean, analysts can have --</p> <p>22 like, for example, there's analysts for Anadarko that</p> <p>23 during the class period have price targets</p> <p>24 consistently above the market price.</p> <p>25 So obviously analysts are commenting and 3:17PM</p> <p style="text-align: right;">Page 74</p>	<p>1 Q Which is what? 3:18PM</p> <p>2 A Which is you can certainly look at the mix</p> <p>3 of analyst reports, as I'm doing here, in conjunction</p> <p>4 with, as I'm doing here, thinking about whether what</p> <p>5 might be causing stock price reactions in conjunction 3:18PM</p> <p>6 with the total mix of information that the market has.</p> <p>7 Q Well, I mean, what you just described is a</p> <p>8 subjective analysis; right? I mean, thinking about</p> <p>9 what could have caused the price reaction, I mean,</p> <p>10 you're just looking at the analyst reports and then 3:19PM</p> <p>11 saying, well, this is what I think?</p> <p>12 A I don't think that's a fair</p> <p>13 characterization.</p> <p>14 Q Well, I mean, how do you determine what</p> <p>15 causes the stock reaction then? 3:19PM</p> <p>16 A Well, I would refer to my statistical</p> <p>17 analysis as well as my discussion in Paragraphs 6</p> <p>18 through 8 inclusive.</p> <p>19 Q And statistical analysis, by that you mean</p> <p>20 an event study? 3:19PM</p> <p>21 A Yes. And the efficient market which prices</p> <p>22 all publicly-available information as the backdrop to</p> <p>23 this analysis.</p> <p>24 Q So we talked about the change in price</p> <p>25 targets. Is the converse true, if information is 3:20PM</p> <p style="text-align: right;">Page 76</p>
<p>1 they're giving their own view, including views that 3:17PM</p> <p>2 are different than the market pricing.</p> <p>3 Q But a change in the price target is -- can</p> <p>4 be evidence of price impact; right?</p> <p>5 A I would view it in the context of the total 3:17PM</p> <p>6 mix of information.</p> <p>7 Q But generally speaking, the answer is yes;</p> <p>8 right?</p> <p>9 A I would frame that the way I just did.</p> <p>10 Q So you would view it in the context of the 3:17PM</p> <p>11 total mix of information, so it would be one indicia</p> <p>12 of price impact; correct?</p> <p>13 A Again, one analyst changing one price</p> <p>14 target, certainly you can look at it. I think -- and</p> <p>15 you want to look at it in conjunction with it's the 3:18PM</p> <p>16 market price, which is the consensus view of all the</p> <p>17 market actors, not just one on one, in terms of the</p> <p>18 value relevance of new information.</p> <p>19 Q But all things holding steady, it could be</p> <p>20 an indication of price impact? 3:18PM</p> <p>21 A Again, there's nothing wrong with reviewing</p> <p>22 analyst reports in conjunction with thinking about</p> <p>23 stock price reactions.</p> <p>24 Q So it's just one piece of information?</p> <p>25 A I would just frame it just the way I did. 3:18PM</p> <p style="text-align: right;">Page 75</p>	<p>1 not mentioned when adjustments are made to the price 3:20PM</p> <p>2 target, then conversely, is it fair to say that</p> <p>3 information most likely did not have an impact on</p> <p>4 the stock price?</p> <p>5 A No, I would not put it that way. What I 3:20PM</p> <p>6 would say is in thinking about stock price reactions,</p> <p>7 you want to look at the total mix of public</p> <p>8 information, which includes analyst commentary to be</p> <p>9 sure.</p> <p>10 Q And not just commentary, we're talking 3:20PM</p> <p>11 about price target changes; right?</p> <p>12 A I would view that as part of the commentary,</p> <p>13 right. There are views and different ways, whether</p> <p>14 it's price targets, commentary, what have you, that's</p> <p>15 part of the total mix of information. 3:20PM</p> <p>16 I think it's logical to think about that</p> <p>17 in -- you know, in the context of, for example, why</p> <p>18 is the stock price changing.</p> <p>19 Q Now, analysts reduced their price target</p> <p>20 for Anadarko following its write-off of Shenandoah; 3:21PM</p> <p>21 correct?</p> <p>22 A I believe there is a couple. I think --</p> <p>23 well, there's -- I think Goldman might have done the</p> <p>24 net asset value. I'm not sure if that's the same</p> <p>25 thing as a price target. But there is a couple of 3:21PM</p> <p style="text-align: right;">Page 77</p>

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<p>1 analysts that are in that vein. 3:21PM</p> <p>2 Q Right. So Goldman Sachs changed its net</p> <p>3 asset value; right? It reduced --</p> <p>4 A I think that's different than the price</p> <p>5 target, if I remember exactly, but we can take a look 3:21PM</p> <p>6 at the Goldman report to refresh my recollection if</p> <p>7 that's helpful.</p> <p>8 Q So -- but I think your recollection was</p> <p>9 right that Goldman Sachs changes its asset -- net</p> <p>10 asset value. 3:21PM</p> <p>11 Also Evercore reduced its price target</p> <p>12 from 88 to 80; correct?</p> <p>13 A Right, I believe both -- if my memory serves</p> <p>14 me correctly, both of them are -- the reduced and the</p> <p>15 higher number are both above the Anadarko stock price. 3:21PM</p> <p>16 Q But hold on a second, because let's just</p> <p>17 answer my question, okay?</p> <p>18 A Okay. That's my general recollection,</p> <p>19 although I want to make sure I'm not testifying off of</p> <p>20 memory of what a -- out of a thousand plus analyst 3:22PM</p> <p>21 reports, what one particularly said.</p> <p>22 Q I mean, understood. I mean, look, it</p> <p>23 stands for itself; right, that the Evercore May 3rd,</p> <p>24 2017 report reduced its price target from 88 to \$80</p> <p>25 based on revisions of the undeveloped GoM resource? 3:22PM</p> <p style="text-align: right;">Page 78</p>	<p>1 MS. JENSEN: For the record, this is L, a 3:24PM</p> <p>2 string of zeros, 80.</p> <p>3 Q Have you seen this document before?</p> <p>4 A Yes, I believe so. Okay. I skimmed it</p> <p>5 again. Sorry, I've forgotten what the question is. 3:25PM</p> <p>6 Q That's okay. So you have seen this</p> <p>7 document before?</p> <p>8 A Yes, I do recall.</p> <p>9 Q Okay. And at the bottom actually it says,</p> <p>10 "Target prices under review. Tentatively trimming 3:25PM</p> <p>11 base target to 64 per share, bear case target to 44</p> <p>12 per share and bull target" --</p> <p>13 A Yes, I do see those numbers, yes. And this</p> <p>14 is after discussion about DJ, about -- there is a</p> <p>15 number of things that they discuss here, but that is 3:26PM</p> <p>16 at the very end of the document.</p> <p>17 Q Right. So there is a number of things</p> <p>18 that are discussed here; correct? One of the things</p> <p>19 that is discussed in detail is the disappointing GoM</p> <p>20 appraisal results; right? 3:26PM</p> <p>21 A Yes, so there's the third paragraph under</p> <p>22 the comments, that full paragraph. And then it says,</p> <p>23 "it raises questions about APC's ability to find new</p> <p>24 tie-back developments for its significant</p> <p>25 infrastructure." 3:26PM</p> <p style="text-align: right;">Page 80</p>
<p>1 A I thought you -- so now this is the danger 3:22PM</p> <p>2 of going off memory. Because the numbers that you</p> <p>3 give me earlier were different, so --</p> <p>4 Q No, I said 88 to 80. Did I misspeak?</p> <p>5 A I thought you said 86. 3:22PM</p> <p>6 Q No, 88 to 80.</p> <p>7 A My fault.</p> <p>8 Q Okay. Lazard also reduced its price</p> <p>9 target?</p> <p>10 A That I don't -- that might be right. I want 3:22PM</p> <p>11 to look at the report to refresh my recollection. But</p> <p>12 I do remember Goldman with the net asset value, not</p> <p>13 the price target, and the -- and then the 80-dollar</p> <p>14 discussion that we just had.</p> <p>15 Q And I'm not trying to withhold documents 3:23PM</p> <p>16 from you. I just know we have a long day, but I can</p> <p>17 pull up the Lazard.</p> <p>18 A I'm in your hands. Up to you.</p> <p>19 Q Okay. So this is what has been previously</p> <p>20 marked as -- I'm sorry, hold on one second. 3:23PM</p> <p>21 So this is what has been previously marked</p> <p>22 as Exhibit 514. You should be able to see the</p> <p>23 document.</p> <p>24 A I'm just pulling it up now.</p> <p>25 Q Okay. Good. 3:24PM</p> <p style="text-align: right;">Page 79</p>	<p>1 Q Right. It also says that "Deepwater Gulf 3:26PM</p> <p>2 of Mexico has shifted from being a positive to a</p> <p>3 problem"; right?</p> <p>4 A That's the first sentence, yes.</p> <p>5 Q Right. And the second sentence is, "The 3:26PM</p> <p>6 decision to impair Shenandoah (to the tune of</p> <p>7 1 billion) was surprising given that APC had already</p> <p>8 drilled five appraisal wells."</p> <p>9 A I see that.</p> <p>10 Q Right. Is this a document that you 3:27PM</p> <p>11 considered?</p> <p>12 A Yes.</p> <p>13 Q Is this in your appendix?</p> <p>14 A That, I don't remember. I do remember</p> <p>15 seeing this. Maybe it was in -- I forget what 3:27PM</p> <p>16 context. Maybe it was in Steinholt or -- I just don't</p> <p>17 remember exactly where. I've read so many analyst</p> <p>18 reports.</p> <p>19 Q Understood. And this is one where it was</p> <p>20 tentatively, but tentatively trimmed its base target 3:27PM</p> <p>21 based on the news at this time which includes</p> <p>22 Shenandoah; right?</p> <p>23 A Yes, it says what it says.</p> <p>24 Q Okay. Going back to February 2nd, 2016,</p> <p>25 you mentioned that analysts noted Anadarko's good 3:27PM</p> <p style="text-align: right;">Page 81</p>

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1 performance on that date; correct? 3:27PM	1 performance? 3:30PM
2 A I'm sorry, so I believe you're in	2 A Well, I don't have a -- yes, there is better
3 Paragraph 7?	3 performance, but I'm saying there's positive news
4 Q Yes.	4 here. There's -- you know, if we turn to Paragraph 8,
5 A Okay. I do see the Barclays and the 3:28PM	5 I talk about cash management, there is 3:30PM
6 Jeffries and Capital One quotations.	6 better-than-expected earnings, fourth quarter earnings
7 Q Okay. Now, how many of the analysts	7 results and so forth.
8 reports identified good performance when making	8 But that in conjunction with the
9 adjustments to their estimates or price targets?	9 efficiency of the market and the treatment of the
10 A I don't have a formal answer to that. 3:28PM	10 Shenandoah I think is all supportive of that view. 3:31PM
11 Q Do you have any answer to that?	11 Q And so the analysis that you've got laid
12 A What I would say as a general matter, not	12 out here, this is the proper way of doing this
13 speaking specifically about any particular analyst,	13 analysis of what caused the price change; right?
14 that if there is a big update to a target, I wouldn't	14 A Look, the proper analysis I would pitch at a
15 be surprised to see an explanation for why that is. 3:28PM	15 higher level of generality, which is if you have a 3:31PM
16 Q Okay. Were there any adjustments to the	16 stock price reaction to think about the total mix of
17 estimates or price targets based on good	17 information, how that might have changed.
18 performance?	18 And so that's how I would frame the
19 A I don't recall that offhand. I don't know	19 inquiry.
20 the answer to that offhand. 3:28PM	20 Q Now, in your report you criticize 3:31PM
21 Q Why did you provide that information for	21 Mr. Steinholt for failing to undertake any analysis
22 Shenandoah but not the good performance?	22 to establish an economic basis for his price
23 A Well, the question here is it's a very	23 maintenance theory; right?
24 particular one, which is, is it Shenandoah the reason	24 A I do remember that.
25 for the stock price increase or is there other 3:29PM	25 Q Okay. 3:31PM
Page 82	Page 84
1 factors. 3:29PM	1 A If you could point me to the particular part 3:31PM
2 So I thought it was particularly useful	2 of the report that we're discussing, that would be
3 given that is a focal point to point out that, you	3 helpful.
4 know, how Shenandoah in particular was considered in	4 Q So this is Paragraph 19 at the end.
5 conjunction with these disclosures. 3:29PM	5 Nineteen. If you need a page number, it's 3:32PM
6 Q In your report you also noted that press	6 Page 11.
7 articles focused on earnings rather than Shenandoah;	7 A You said the end?
8 is that right?	8 Q Yes.
9 A I don't have a photographic memory. I'll	9 A I do see that.
10 just read what I said. 3:29PM	10 Q Okay. You don't explain in your report 3:32PM
11 "I found that press articles focused on	11 what analysis that would include, do you?
12 Anadarko's earnings report."	12 A Well, it's really an observation that as I
13 That's the first part of the second	13 understand it, Mr. Steinholt is just saying the words
14 sentence in Paragraph 8.	14 "price maintenance" without establishing that that
15 Q Based on this, you concluded that no 3:29PM	15 theory is applicable here. 3:33PM
16 portion of the statistically significant price	16 Q Does he use the words "price maintenance
17 increase on February 2nd, 2016 was attributable to	17 theory"?
18 the Shenandoah statement?	18 A I don't know exactly how he phrases it, but
19 A Yes. So the economic evidence is consistent	19 I would go to the Footnote 45 where he goes -- where
20 with the view that the price increase is due to 3:30PM	20 this dialogue: "In your opinion, did these alleged 3:33PM
21 non-Shenandoah reasons, including, as I say here, the	21 statements add to the inflation of the price?
22 fact that we're assuming that a semi-strong efficient	22 "Add to the inflation, no."
23 market.	23 So I interpret that, it's just using
24 Q In fact, you're attributing all of the	24 semantics, as a price maintenance theory.
25 price increase here to better-than-expected 3:30PM	25 Q Okay. But he didn't use those words 3:33PM
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<p>1 actually? 3:33PM</p> <p>2 A I don't recall either way.</p> <p>3 Q Okay. And you never performed this</p> <p>4 analysis yourself; right?</p> <p>5 A I'm making an observation and then I do do 3:33PM</p> <p>6 the analysis of is there stock price reactions.</p> <p>7 Q But you didn't perform the analysis of</p> <p>8 whether there was an economic basis for the price</p> <p>9 maintenance theory?</p> <p>10 A Well, I disagree with that. What I did do 3:34PM</p> <p>11 is I did look at, you know, one way to assess a price</p> <p>12 maintenance theory is did the alleged truth, when it</p> <p>13 did come out, did it elicit the stock price reaction.</p> <p>14 So I did assess the price maintenance theory in that</p> <p>15 way. 3:34PM</p> <p>16 Q Okay. You did not, however, analyze, for</p> <p>17 example, whether there was a price increase after</p> <p>18 the announcement for Shenandoah 1 or the Shenandoah</p> <p>19 discovery; right?</p> <p>20 A I think we -- I'm just going to repeat what 3:34PM</p> <p>21 we discussed earlier, which is I did not do analysis</p> <p>22 of disclosures years before. This is your first</p> <p>23 example, six years before the class period.</p> <p>24 Q So, I mean, you did not analyze whether</p> <p>25 there was any price increase associated with the 3:34PM</p> <p style="text-align: right;">Page 86</p>	<p>1 A I remember it in -- I don't remember -- I'm 3:36PM</p> <p>2 not going to get the exact analyst, but I do remember</p> <p>3 the 5 to \$7 that Mr. Steinholt points to and obviously</p> <p>4 that's from analyst reports.</p> <p>5 Q Okay. And so just to be clear, because 3:36PM</p> <p>6 you said 5 to 7, so the Capital One analyst report</p> <p>7 was \$4 per share to \$7 per share, you're aware of</p> <p>8 that?</p> <p>9 A Look, there's over a thousand analyst</p> <p>10 reports, if you're going to quiz me on what's 3:37PM</p> <p>11 contained in one analyst report, you're going to have</p> <p>12 to show me the document. I do remember a handful of</p> <p>13 analyst reports that Mr. Steinholt cites and I looked</p> <p>14 at in this regard.</p> <p>15 Q Look, Dr. Ferrell, I want to be respectful 3:37PM</p> <p>16 for your time and also get through all the things we</p> <p>17 need to. So we'll just run through some of them</p> <p>18 here.</p> <p>19 So no reason to dispute that a March 3rd,</p> <p>20 2015 Morgan Stanley analyst report valued Anadarko's 3:37PM</p> <p>21 interest in Shenandoah at \$3 a share?</p> <p>22 A That could well be right. I would want to</p> <p>23 look at the document to refresh my recollection.</p> <p>24 Q Okay. But no reason to dispute that. Any</p> <p>25 reason to -- 3:37PM</p> <p style="text-align: right;">Page 88</p>
<p>1 announcement of the discovery itself? 3:35PM</p> <p>2 A I can just repeat what we went over I think</p> <p>3 in detail, which is one of -- I've done many event</p> <p>4 studies, but I did not include in my event study the</p> <p>5 2009 or 2013 statements, the statements that occurred 3:35PM</p> <p>6 years before the class period.</p> <p>7 Q You could have, obviously; right?</p> <p>8 MS. ROSENBERG: Objection --</p> <p>9 THE WITNESS: I could have done anything</p> <p>10 that I felt was appropriate for the purposes of the 3:35PM</p> <p>11 assignment that I was given.</p> <p>12 BY MS. JENSEN:</p> <p>13 Q Another way to determine -- besides</p> <p>14 looking at the announcements where there were</p> <p>15 statistically significant increases, another way to 3:35PM</p> <p>16 determine how investors viewed Shenandoah would be</p> <p>17 to look at how analysts valued it; right?</p> <p>18 A You could certainly look at, as part of the</p> <p>19 total mix of information, analyst commentary and</p> <p>20 whether that's -- explains the price reactions that 3:36PM</p> <p>21 one observes when the alleged corrective information</p> <p>22 came out.</p> <p>23 Q So you are aware that a Capital One</p> <p>24 analyst report from February 2nd, 2015 attributed</p> <p>25 1.8 to \$3.6 billion in value to Shenandoah? 3:36PM</p> <p style="text-align: right;">Page 87</p>	<p>1 A I don't have a photographic memory of a 3:37PM</p> <p>2 thousand plus analysts. I certainly looked at the</p> <p>3 claim that the reason for the price decline on May 3rd</p> <p>4 is because of these earlier evaluations.</p> <p>5 Q Okay. 3:38PM</p> <p>6 A As reflected in these earlier evaluations,</p> <p>7 the 5 to 7, the 3, the 4, what have you.</p> <p>8 Q I mean, look, you can characterize this</p> <p>9 however you're going to. That's your prerogative.</p> <p>10 But I'm just asking you right now about the analyst 3:38PM</p> <p>11 reports.</p> <p>12 So there's also an April 9th, 2015</p> <p>13 Imperial Capital analyst report that valued</p> <p>14 Anadarko's interest in Shenandoah at \$3 billion.</p> <p>15 Are you aware of that? 3:38PM</p> <p>16 A I'm aware of these valuations in the general</p> <p>17 way that we talked about. As to any specific analyst</p> <p>18 report, I would like to have the opportunity to review</p> <p>19 to refresh my recollection.</p> <p>20 Q Sure. But in general you're aware that 3:38PM</p> <p>21 some analysts attributed substantial value to</p> <p>22 Shenandoah at or around the beginning of the class</p> <p>23 period?</p> <p>24 A So that's a fair question. So my general</p> <p>25 view -- my general recollection of these analysts 3:38PM</p> <p style="text-align: right;">Page 89</p>

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<p>1 reports that we're talking about is there are some 3:39PM</p> <p>2 that valued it, you know, conditional or assuming that</p> <p>3 it gets sanctioned, so that's obviously a function of</p> <p>4 oil prices.</p> <p>5 There's some that put it into the net 3:39PM</p> <p>6 asset value. There's some that do a risk</p> <p>7 adjustment, some don't.</p> <p>8 So there is a couple of different things</p> <p>9 going on here. And then some of them have price</p> <p>10 targets above the stock price of Anadarko. So 3:39PM</p> <p>11 there's sort of a mix of different things going on</p> <p>12 here.</p> <p>13 Q Okay.</p> <p>14 A My general memory, which I want to come back</p> <p>15 to is a number -- I'm not saying all of these numbers 3:39PM</p> <p>16 are conditional or assuming that the project gets</p> <p>17 sanctioned.</p> <p>18 Q I think the -- you would have to look</p> <p>19 report by report, it would state on its face; right?</p> <p>20 A I said the statement I just made is based on 3:39PM</p> <p>21 my reading of the analyst reports, and my memory is</p> <p>22 that the analysts say assuming conditional on it being</p> <p>23 sanctioned.</p> <p>24 Q But you're not saying that all analysts</p> <p>25 said that; right? That's not what you're saying? 3:40PM</p> <p style="text-align: right;">Page 90</p>	<p>1 Morgan Stanley, Capital One and others, had 3:41PM</p> <p>2 significantly greater evaluations of Shenandoah for</p> <p>3 Anadarko's overall evaluation than Mr. Steinholt's</p> <p>4 estimates of inflation during the early part of the</p> <p>5 class period; right? 3:41PM</p> <p>6 MS. ROSENBERG: Objection to form.</p> <p>7 THE WITNESS: Again, my memory is many,</p> <p>8 I'm not saying all, of these analysts are</p> <p>9 conditional on sanctioning the project.</p> <p>10 And not all analysts -- you know, there is 3:42PM</p> <p>11 a handful of analyst that is say it's low to zero.</p> <p>12 So there's different numbers floating out</p> <p>13 here that are pitched and framed in different ways.</p> <p>14 BY MS. JENSEN:</p> <p>15 Q So, look, we talked about it earlier. So 3:42PM</p> <p>16 I don't think we need to go back there.</p> <p>17 But earlier you did testify that some</p> <p>18 lowered their NAV after the write-off; right? So</p> <p>19 that couldn't have been conditional. Will you just</p> <p>20 generally agree with that? 3:42PM</p> <p>21 A So my memory -- I am a little nervous, this</p> <p>22 is turning into a memory test. My memory is that</p> <p>23 Goldman changed its NAV but not its price target. I</p> <p>24 think that's the -- that's my memory. Obviously the</p> <p>25 Goldman report speaks for itself. 3:42PM</p> <p style="text-align: right;">Page 92</p>
<p>1 A I think there is a mix of things. I'm not 3:40PM</p> <p>2 saying all analysts saying that. I think a number of</p> <p>3 these evaluations are that.</p> <p>4 But there's others that are saying low to</p> <p>5 zero, there's others that are doing a risk 3:40PM</p> <p>6 adjustment. So there is a couple of different</p> <p>7 numbers floating around here.</p> <p>8 Q Understood. I just want to make sure.</p> <p>9 And, look, if we need to make this deposition be a</p> <p>10 two-day deposition because I have to put all of 3:40PM</p> <p>11 these analyst reports be in front of you, we can</p> <p>12 talk about that.</p> <p>13 What I would like for you to be able to</p> <p>14 honestly testify to is that not all analysts</p> <p>15 conditioned their evaluation of Shenandoah on being 3:40PM</p> <p>16 sanctioned. I think you should be able to confirm</p> <p>17 that.</p> <p>18 A So my recollection -- I know a deposition is</p> <p>19 not a memory test, my recollection is some but not all</p> <p>20 the analysts did the explicit condition when 3:41PM</p> <p>21 sanctioning is my best recollection.</p> <p>22 That being said, the analyst reports speak</p> <p>23 for themselves.</p> <p>24 Q So going back to some of the examples that</p> <p>25 we talked through, some of the analysts, including 3:41PM</p> <p style="text-align: right;">Page 91</p>	<p>1 Q So in any event, you will agree that the 3:42PM</p> <p>2 analysts who attributed 5 to \$7 per share in value</p> <p>3 to Shenandoah for purposes of Anadarko is a greater</p> <p>4 amount than Mr. Steinholt's estimate of inflation</p> <p>5 during the early start part of the class period; 3:43PM</p> <p>6 right?</p> <p>7 A I agree that 5 is bigger than 2 or whatever</p> <p>8 the exact number is.</p> <p>9 My memory of the 5, but we would have to</p> <p>10 double check the record, is that that particular 3:43PM</p> <p>11 number, the 5, was conditionally sanctioned is my</p> <p>12 memory, but I could be misremembering.</p> <p>13 Q And the report will speak for itself.</p> <p>14 A I agree with that.</p> <p>15 Q So the substantial evaluations of analysts 3:43PM</p> <p>16 to Shenandoah in the early part of the class period</p> <p>17 indicates that the stock price reflected substantial</p> <p>18 value for Shenandoah; correct?</p> <p>19 A I don't agree with your statement. Your</p> <p>20 question has an assumption baked in which I don't 3:44PM</p> <p>21 agree with.</p> <p>22 Q Okay. And that's based on what you're</p> <p>23 saying is a conditional?</p> <p>24 A In part that there is a -- there's different</p> <p>25 numbers including conditional and sanctioning, the 60, 3:44PM</p> <p style="text-align: right;">Page 93</p>

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<p>1 the \$70 oral price when prices are in the 30s or 40s. 3:44PM</p> <p>2 It's also other analysts ascribe little to</p> <p>3 zero value.</p> <p>4 So, again, I just don't agree with the</p> <p>5 predicate of your question. 3:44PM</p> <p>6 Q Let's make sure that I understand each one</p> <p>7 of your disagreements, the basis for it.</p> <p>8 So you disagree with that statement</p> <p>9 because some analysts had a conditional price for</p> <p>10 Anadarko -- for Shenandoah's valuation of Anadarko? 3:45PM</p> <p>11 A Yes, I think the way you framed it glosses</p> <p>12 over that important point.</p> <p>13 Q Okay. So that's a basis for disagreement.</p> <p>14 What other basis do you have for</p> <p>15 disagreement with that statement? 3:45PM</p> <p>16 A Well, some did an NAV adjustment and</p> <p>17 aligning to the price target; some did a risk</p> <p>18 adjustment; some don't talk about that.</p> <p>19 Some have a low to zero value, as I</p> <p>20 described in my report. 3:45PM</p> <p>21 So your generalized statement I think</p> <p>22 glosses over all that information.</p> <p>23 Q Okay. Is there any other reason that you</p> <p>24 disagree with the statement?</p> <p>25 A Those are the ones that come to mind. 3:45PM</p> <p style="text-align: right;">Page 94</p>	<p>1 beginning of the class period with, is saying that's 3:47PM</p> <p>2 the price in the beginning of the class period the</p> <p>3 information the plaintiffs allege could ensure it's</p> <p>4 disclosed.</p> <p>5 Q Okay. But again, you agree that there is 3:47PM</p> <p>6 a statistically significant price decrease on</p> <p>7 May 3rd, 2017?</p> <p>8 A I do.</p> <p>9 Q Now, if -- hypothetically, if the</p> <p>10 disclosure of the alleged truths in the corrective 3:47PM</p> <p>11 disclosure causes the price to climb by a</p> <p>12 statistically significant amount, that is evidence</p> <p>13 that the price had been inflated; is it not?</p> <p>14 A I just want to be real clear, forgive me for</p> <p>15 restating the question. 3:48PM</p> <p>16 So your assumption is there's corrective</p> <p>17 information, it is corrective of the misstatements.</p> <p>18 No argument about whether it's corrective or not.</p> <p>19 It's new corrective information, so the</p> <p>20 market hadn't priced it earlier, that there is no 3:48PM</p> <p>21 confounding information and, ergo, that caused what</p> <p>22 we're positing to be a statistically significant</p> <p>23 negative residual in your hypothetical.</p> <p>24 Under all those conditions, I agree.</p> <p>25 Now, separate question as to what the 3:48PM</p> <p style="text-align: right;">Page 96</p>
<p>1 Q Well, I mean, I want to understand your 3:45PM</p> <p>2 testimony. So is there any other reason under your</p> <p>3 analysis that you disagree with that statement?</p> <p>4 A No. I mean, in terms of the particular</p> <p>5 statement you made in your question, I would point to 3:45PM</p> <p>6 that, but I also -- and this is critically important,</p> <p>7 at the end of the day we want to understand the basis</p> <p>8 for Mr. Steinholt's inflation line, which is the</p> <p>9 May 3rd price reaction.</p> <p>10 Q Okay. So elaborate on that. 3:46PM</p> <p>11 So why do you disagree based on</p> <p>12 Mr. Steinholt's inflation?</p> <p>13 A Well, so the damages, the inflation line</p> <p>14 Mr. Steinholt works off of, his estimate of the</p> <p>15 abnormal return to Anadarko on May 3rd that he 3:46PM</p> <p>16 ascribes to the accounting write-off.</p> <p>17 So at the end of the day, that's the basis</p> <p>18 for the inflation line.</p> <p>19 Q Okay. So -- but my question had nothing</p> <p>20 to do with that because my question talked about the 3:46PM</p> <p>21 stock price at the beginning of the class period.</p> <p>22 So you're now talking about the end of the</p> <p>23 class period?</p> <p>24 A I disagree with that, because he is saying</p> <p>25 that when an inflation line, which he goes to the 3:47PM</p> <p style="text-align: right;">Page 95</p>	<p>1 inflation line looks like, as I said in my report, 3:48PM</p> <p>2 you know, if Mr. Steinholt is saying that Shen 4</p> <p>3 changed the commercial viability, that has to be</p> <p>4 incorporated in the inflation line.</p> <p>5 So I'm not agreeing to the quantum of the 3:48PM</p> <p>6 inflation itself, but I think I agree with your hypo</p> <p>7 as I understand it.</p> <p>8 Q So -- okay. When you say that Shen 4</p> <p>9 changed commercial liability that has to be</p> <p>10 incorporated in the inflation line, what you're 3:49PM</p> <p>11 saying there is that the inflation has to be</p> <p>12 increased; right?</p> <p>13 A Well, I'm referring to -- so this business</p> <p>14 about Shen 4 is a reference to Mr. Steinholt, and</p> <p>15 that's Paragraph 47 in my report. 3:49PM</p> <p>16 So the effect of it would be it would</p> <p>17 decrease the inflation at the beginning of the class</p> <p>18 period. I think he has -- he increases the</p> <p>19 inflation as you go back in time, he has it the</p> <p>20 wrong way. 3:49PM</p> <p>21 That is, if it's -- I'm not saying this is</p> <p>22 true, but his claim is after Shen 4, it became even</p> <p>23 more unviable or it was certainly unviable.</p> <p>24 Under that theory, the inflation would</p> <p>25 necessarily be lower pre-Shen 4 relative to -- 3:49PM</p> <p style="text-align: right;">Page 97</p>

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<p>1 anyway, directionally he's wrong on the inflation 3:50PM 2 line.</p> <p>3 Q Well, I mean, if you're going to talk 4 relative -- we might end up with a word salad here.</p> <p>5 But if you're talking relative, isn't it 3:50PM 6 the same principle, however, that the inflation 7 would be a greater amount after Shen 4?</p> <p>8 I'm not talking about what it should be 9 pre-Shen 4, but in relative terms, after Shen 4, 10 that should be a greater amount? 3:50PM</p> <p>11 A I think we agree. That is, if I'm saying X 12 is less than Y, that means Y is bigger than X. But 13 remember, he's getting the bigger number from the 14 corrective disclosure that he's taking back.</p> <p>15 He's not haircutting that. But what he 3:50PM 16 says is this major change in the commercial 17 liability for the worst, doesn't really make any 18 sense to me.</p> <p>19 Q But if -- and let's leave aside the 20 directionality of it. Okay? But if what we're 3:51PM 21 saying -- what you're saying is that the inflation 22 should be greater after Shen 4, then leaving aside 23 directionality, your complaint is that 24 Mr. Steinholt's inflation or damages model is too 25 conservative? 3:51PM</p> <p style="text-align: right;">Page 98</p>	<p>1 A I'm not going to opine on materiality. I 3:52PM 2 can opine on -- value-relevant information materiality 3 has a legal connotation that I want to avoid.</p> <p>4 Q But you can agree setting that aside the 5 legal term "materiality," that event studies can 3:52PM 6 be -- are a generally accepted methodology for 7 determining value -- new value-relevant information; 8 is that how you would say it?</p> <p>9 A Yes.</p> <p>10 Q Now, your report at Paragraph 26 states 3:53PM 11 that market and industry indices selected are 12 intended to capture the impact on a stock price of 13 regular market-wide and industry-wide related 14 information; is that right?</p> <p>15 A Yes. 3:53PM</p> <p>16 Q And what do you mean by "regular"?</p> <p>17 A All I mean is during the estimation period, 18 you're using the entire estimation period to estimate 19 the coefficients on the market and the industry. So 20 those coefficients are estimated using the estimation 3:53PM 21 period are going to reflect that relationship between 22 the industry and the individual stock that's occurring 23 during that period, the period for which -- that 24 you're using for the estimation of the coefficients.</p> <p>25 Q So in your mind, is there a distinction 3:54PM</p> <p style="text-align: right;">Page 100</p>
<p>1 A No, I disagree with that. So first of all, 3:51PM 2 I'm not saying there's any inflation. I'm saying on 3 his own terms, he gets it wrong.</p> <p>4 Q I understand you're not -- you don't have 5 to concede there's damages. 3:51PM 6 I'm just trying to understand, Number 1, 7 your critique and also to confirm, I think, that 8 what you're saying is that post Shen 4, it should be 9 greater than pre-Shen 4?</p> <p>10 A According to Mr. Steinholt's theory as 3:51PM 11 elaborated in Paragraph 47. And it's not conservative 12 because even on those terms, his own terms, the 13 inflation should be lower in the beginning of the 14 class period, he makes it higher.</p> <p>15 Q But the number -- I think I understand 3:52PM 16 your position.</p> <p>17 Okay. Event studies are a generally 18 accepted methodology for determining price impact in 19 securities fraud litigation; right?</p> <p>20 A Yes. 3:52PM</p> <p>21 Q And also a generally accepted methodology 22 for determining loss causation in securities fraud 23 litigation?</p> <p>24 A Yes, not by itself, but yes.</p> <p>25 Q And the same holds for materiality? 3:52PM</p> <p style="text-align: right;">Page 99</p>	<p>1 between regular and irregular market and industry 3:54PM 2 factors?</p> <p>3 A It's a reference to the fact that you're 4 estimating this relationship based on the estimation 5 period. 3:54PM</p> <p>6 So whatever is occurring in the estimation 7 period that's affecting the relationship between the 8 industry and the individual stock is what's going to 9 be reflected in your coefficient estimate.</p> <p>10 Q So is there a way -- according to the 3:54PM 11 academic research, is there a way to distinguish 12 between regular versus irregular market and industry 13 information?</p> <p>14 A Again, the reference to regular is a 15 reference to the fact that using estimation period and 3:54PM 16 observing over that time period, 252 days or whatever 17 your estimation period is, what the historical 18 relationship is.</p> <p>19 Q Now, in other parts of your report, you 20 don't use the word "regular," so, for example, 3:55PM 21 Footnote 53. Was that intentional?</p> <p>22 A What was intentional? What was the 23 question?</p> <p>24 Q Leaving out the word "regular."</p> <p>25 A Again, what I -- if we're talking about 3:55PM</p> <p style="text-align: right;">Page 101</p>

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<p>1 regular, it's in exactly the way that I just described 3:55PM</p> <p>2 it, so I'm having trouble understanding -- I mean, so</p> <p>3 the academic literature obviously talks about the use</p> <p>4 of estimation periods to estimate the coefficients in</p> <p>5 your model. I guess I'm not seeing what the question 3:56PM</p> <p>6 is.</p> <p>7 Q Yes. I'm just trying to understand why</p> <p>8 you use that term "regular" in one place but not in</p> <p>9 another.</p> <p>10 A Well, it's just a reference that you are 3:56PM</p> <p>11 estimating the coefficients in the model, what's going</p> <p>12 on during the estimation period in terms of the</p> <p>13 relationship between the industry index and individual</p> <p>14 stock.</p> <p>15 MS. JENSEN: Okay. Can we take a quick 3:56PM</p> <p>16 break?</p> <p>17 THE WITNESS: Sure.</p> <p>18 THE VIDEOGRAPHER: We're off the record.</p> <p>19 It's 3:56 p.m.</p> <p>20 (Recess taken.) 3:56PM</p> <p>21 THE VIDEOGRAPHER: We're back on the</p> <p>22 record. The time is 4:32 p.m.</p> <p>23 BY MS. JENSEN:</p> <p>24 Q Okay. Welcome back, Dr. Ferrell.</p> <p>25 A Thank you. 4:32PM</p> <p style="text-align: right;">Page 102</p>	<p>1 Q Okay. So maybe the use of the term just 4:34PM</p> <p>2 threw me off.</p> <p>3 So you're not saying, for example, that an</p> <p>4 economist couldn't control for a one-time event like</p> <p>5 9/11? 4:34PM</p> <p>6 A Well, I would want to look at the event</p> <p>7 study, but the coefficient estimates which are going</p> <p>8 to form the basis for the predicated return is going</p> <p>9 to reflect that historical relationship as estimated</p> <p>10 in the time period that you select. 4:34PM</p> <p>11 Q But at a high level of generality, you're</p> <p>12 not opining, for example, that a one-time event</p> <p>13 can't be controlled for such as a 9/11?</p> <p>14 A I don't know what you mean by "controlled</p> <p>15 for." You can certainly do an event study -- 4:34PM</p> <p>16 Q Okay.</p> <p>17 A -- which would then create a predicted</p> <p>18 return based on those historical coefficients which</p> <p>19 then would generate an abnormal return.</p> <p>20 But again, the coefficients represent that 4:35PM</p> <p>21 relationship that exists during your estimation</p> <p>22 period, the period for which you're using to</p> <p>23 calibrate your model.</p> <p>24 Q Right. Okay. But you're not -- I'm sorry</p> <p>25 to belabor this. I just want to make sure I 4:35PM</p> <p style="text-align: right;">Page 104</p>
<p>1 Q So we talked a little bit about the use of 4:32PM</p> <p>2 the term "regular" prior to the break. And I want</p> <p>3 to understand whether the use of "regular" is</p> <p>4 intended to denote regular events?</p> <p>5 A You know, I'll just go back to what we were 4:32PM</p> <p>6 discussing earlier. It's referring to the fact that</p> <p>7 the coefficient estimates in a market model reflect</p> <p>8 the historic -- the relationship between the industry</p> <p>9 index and the individual stock during an estimation</p> <p>10 period. 4:33PM</p> <p>11 So whatever events, macroeconomic events,</p> <p>12 what have you, et cetera, et cetera, are affecting</p> <p>13 that relationship is what's going to be reflected in</p> <p>14 your coefficient estimates when you estimate the</p> <p>15 market model. 4:33PM</p> <p>16 Q So let me take it one more step to try to</p> <p>17 understand what it is that you are positing.</p> <p>18 Are you talking about, for example,</p> <p>19 regular events versus in a regular event -- so, for</p> <p>20 example, 9/11, would that be an irregular event? 4:33PM</p> <p>21 A The use of the regular is of reference to</p> <p>22 you're estimating the relationship over an estimation</p> <p>23 period and whatever events factors that effect that</p> <p>24 historical relationship is what's going to be</p> <p>25 estimated in the coefficient. 4:34PM</p> <p style="text-align: right;">Page 103</p>	<p>1 understand exactly what it is that you're saying is 4:35PM</p> <p>2 you are not, for example, saying that one could not</p> <p>3 use an event study -- sorry for the double negative</p> <p>4 but --</p> <p>5 A Can you restart the question? 4:35PM</p> <p>6 Q Sure, of course.</p> <p>7 So it's not your opinion, for example,</p> <p>8 that one could not use an event study for an event</p> <p>9 like 9/11?</p> <p>10 A I would want to look at the event study. 4:36PM</p> <p>11 But you could do an event study for 9/11, yes, I</p> <p>12 suppose so.</p> <p>13 I said suppose so because I want to know</p> <p>14 what context is. I'm simply saying that predicted</p> <p>15 return in your hypothetical event study reflects the 4:36PM</p> <p>16 historical relationship as estimated in the -- in</p> <p>17 your estimation period.</p> <p>18 Q Okay. So turning to Page 13 of your</p> <p>19 report, there is what appears to be an unnumbered</p> <p>20 footnote, unless it's just carrying over. That 4:37PM</p> <p>21 might be the case. I don't think so, though.</p> <p>22 A It starts with "Mr. Steinholt"?</p> <p>23 Q Yes, a lot of them do. But yes, this one</p> <p>24 is -- so under the text line, right, it does not</p> <p>25 have a number next to it and it also does not appear 4:37PM</p> <p style="text-align: right;">Page 105</p>

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<p>1 to be in a continuation of a text footnote? 4:37PM</p> <p>2 A I see that.</p> <p>3 Q You see what I'm saying? It's kind of an</p> <p>4 unnumbered footnote is what I'll call it. Okay?</p> <p>5 And so there's a reference here to 4:37PM</p> <p>6 "Mr. Steinholt's methodology" and you say that his</p> <p>7 methodology "to determine Anadarko's abnormal return</p> <p>8 on May 3rd, 2017 appears to be ad hoc and</p> <p>9 results-driven"?</p> <p>10 A Yes. 4:37PM</p> <p>11 Q Is that the only reference in your report</p> <p>12 to his methodology being results-driven?</p> <p>13 A I don't remember. It might be. I just</p> <p>14 don't recall whether that exact phrase is used</p> <p>15 elsewhere, but it is a reference to this swapping out 4:38PM</p> <p>16 of industry control here.</p> <p>17 Q Okay. So I'll just tell you, I'm running</p> <p>18 a word search across your report and unless that is</p> <p>19 somehow mistaken, the only result I get for</p> <p>20 results-driven in terms of an explanation for 4:38PM</p> <p>21 appears to be this unnumbered footnote.</p> <p>22 So you're not aware of any other</p> <p>23 appearance of that term or explanation for the use</p> <p>24 of that term?</p> <p>25 A I believe your search. 4:38PM</p> <p style="text-align: right;">Page 106</p>	<p>1 identified there, if I remember correctly. 4:40PM</p> <p>2 He uses that as an industry control. And</p> <p>3 he conducts analysis using that industry control.</p> <p>4 Here he switched from May 3rd to a different</p> <p>5 industry control, his so-called Colorado Peer Group 4:41PM</p> <p>6 Index. If --</p> <p>7 Q I'm sorry, go ahead. I didn't mean to</p> <p>8 interrupt.</p> <p>9 A So the text here in this particular</p> <p>10 unnumbered footnote is referring to the use of the 4:41PM</p> <p>11 Colorado Peer Group Index.</p> <p>12 Q All right. So it's based on the</p> <p>13 difference in the use of the index essentially --</p> <p>14 A Yes. Well, I mean, I would just reference</p> <p>15 the entirety of my discussion. 4:41PM</p> <p>16 But I would say that if one thought that</p> <p>17 there's some need for a third factor, factor in</p> <p>18 addition to the market index and the industry</p> <p>19 control constructed from the Anadarko's 10-K, the</p> <p>20 control that I also use, you know, you would expect 4:42PM</p> <p>21 him to add or one would expect one to add a third</p> <p>22 factor to that model, not to ditch the industry</p> <p>23 control, an industry control based on Anadarko's</p> <p>24 10-K for some -- for this alternative index based on</p> <p>25 a one-time event in April. 4:42PM</p> <p style="text-align: right;">Page 108</p>
<p>1 Q Okay. And so the basis for this claim of 4:38PM</p> <p>2 results-driven is that he uses a different event</p> <p>3 study when studying market efficiency versus price</p> <p>4 impact versus inflation; is that what it is?</p> <p>5 A Let me just make sure I'm catching on. One 4:39PM</p> <p>6 second here.</p> <p>7 Actually, I think the results-driven, I</p> <p>8 have to take back what I said, it's both in the</p> <p>9 footnote and text of Paragraph 25. So I think</p> <p>10 "results-driven" is there as well. 4:39PM</p> <p>11 Q It says, "However, as I explain below,"</p> <p>12 and then you say, "results-driven," but I don't see</p> <p>13 any other explanation for why --</p> <p>14 A Well, I have a couple of paragraphs here</p> <p>15 where I discuss his event study and the issues that I 4:40PM</p> <p>16 have with that.</p> <p>17 Q Okay. So let's make sure we understand</p> <p>18 what the basis is for the results-driven claim.</p> <p>19 So is it that there's different event</p> <p>20 studies for different functions in the case? 4:40PM</p> <p>21 A No, I don't think that really captures the</p> <p>22 full analysis here.</p> <p>23 So, you know, he had an industry control.</p> <p>24 My memory is that industry control was based on the</p> <p>25 10-K of Anadarko. I think 11 companies were 4:40PM</p> <p style="text-align: right;">Page 107</p>	<p>1 Or hopefully a one-time event, but a 4:42PM</p> <p>2 particular back in April.</p> <p>3 Q Anything else?</p> <p>4 A Well, I mean, I don't want to be boxed in, I</p> <p>5 would reference my discussion of -- my further 4:42PM</p> <p>6 discussion of the use of the Colorado Peer Index --</p> <p>7 I'm going through the rest of my Paragraph 27.</p> <p>8 Yes, I mean, I would reference my full</p> <p>9 discussion in the text as well.</p> <p>10 Q Full discussion in the text in which 4:43PM</p> <p>11 paragraphs?</p> <p>12 A Well, I say, "However, as I explain below,</p> <p>13 Mr. Steinholt's event study analysis is fundamentally</p> <p>14 flawed and results-driven," Paragraph 26,</p> <p>15 Paragraph 27, Paragraph 28, Paragraph 29 and then 4:43PM</p> <p>16 obviously in Paragraph 30, I kind of go off on another</p> <p>17 discussion focusing on Conoco.</p> <p>18 Q So the relevant portion of your report is</p> <p>19 Paragraphs 26 through 29?</p> <p>20 A Well, I mean, for that immediate discussion, 4:44PM</p> <p>21 I would also note that I incorporate by reference my</p> <p>22 earlier reports, including my Daubert reports where I</p> <p>23 also discuss these issues.</p> <p>24 Q And by "these issues," what are "these</p> <p>25 issues"? 4:44PM</p> <p style="text-align: right;">Page 109</p>

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<p>1 A His use of the Colorado Peer Group. 4:44PM</p> <p>2 Q So the Colorado Peer Group, now, those</p> <p>3 companies came from your report; right?</p> <p>4 A I think these companies are from analyst</p> <p>5 commentary in relation to April. I think that's 4:44PM</p> <p>6 right.</p> <p>7 Q Wells Fargo?</p> <p>8 A I believe that's right. But there is a</p> <p>9 discussion of other -- Noble and other companies,</p> <p>10 Noble, SRC, PDC, and then XLN, I believe. 4:44PM</p> <p>11 Q He didn't make up this index; right?</p> <p>12 These were the same companies that appeared in your</p> <p>13 earlier report; right?</p> <p>14 A Yes, and in the analyst commentary in -- in</p> <p>15 the context of the incident in Colorado. 4:45PM</p> <p>16 Q Now, do experts only run one event study</p> <p>17 or do they sometimes run more than one event study</p> <p>18 in a case?</p> <p>19 A I ran multiple event studies in this case.</p> <p>20 Q How many did you run? 4:45PM</p> <p>21 A A number. I did not tally it up. In my</p> <p>22 market efficiency, I have event study results. In my</p> <p>23 market efficiency analysis, I've run event studies and</p> <p>24 each one has misrepresentation dates. I believe</p> <p>25 there's 21. 4:45PM</p> <p style="text-align: right;">Page 110</p>	<p>1 results. 4:47PM</p> <p>2 Q What was Anadarko's residual return on</p> <p>3 May 3rd, 2017?</p> <p>4 A Well, this is my table. I do know the</p> <p>5 number, but it's in a decimal point. 4:47PM</p> <p>6 In Table 2, Page 28, the abnormal or the</p> <p>7 residual return for Anadarko is negative 8.3. And</p> <p>8 this is from May 3rd. This is for May 3rd, 2017.</p> <p>9 Q How many events studies did Compass</p> <p>10 Lexecon run to analyze May 3rd, 2017 residual 4:48PM</p> <p>11 return?</p> <p>12 A To my knowledge, none beyond what I did.</p> <p>13 Q Turning to Mr. Steinholt's event studies,</p> <p>14 all of the event studies that he ran in his three</p> <p>15 reports indicate that the May 3rd residual return 4:48PM</p> <p>16 for Anadarko was statistically significant at the</p> <p>17 1 percent level; right?</p> <p>18 A I remember 5 percent. It might be</p> <p>19 1 percent, but I use 5 percent as the cutoff. I</p> <p>20 believe that's -- 4:48PM</p> <p>21 Q Okay.</p> <p>22 A Again, to be clear, we're talking about</p> <p>23 May 3rd.</p> <p>24 Q Right. But --</p> <p>25 A You know, the pricing impact of the 4:49PM</p> <p style="text-align: right;">Page 112</p>
<p>1 There is no rule that you can only run 4:45PM</p> <p>2 one.</p> <p>3 Q How many events studies did you use to</p> <p>4 analyze the May 2013 residual return for Anadarko?</p> <p>5 A I used the industry and the market. I also 4:46PM</p> <p>6 in my Daubert report, if I can call it such, looked at</p> <p>7 his use of the results from the Colorado Peer Group</p> <p>8 including the preexisting industry control that we</p> <p>9 looked at.</p> <p>10 So I did run those event study results for 4:46PM</p> <p>11 that day.</p> <p>12 Q What was the control period?</p> <p>13 A Now you're testing my memory. I would go</p> <p>14 to -- I believe it's 252 days, but I have to go to my</p> <p>15 appendix. 4:46PM</p> <p>16 Appendix 3 for my Table 1 results, I have</p> <p>17 the control period, so Paragraph 3 of Appendix 3 is</p> <p>18 252 trading day, I'm following Steinholt's rolling</p> <p>19 estimation period. I also run it including and</p> <p>20 excluding Conoco for the reasons that I give in that 4:47PM</p> <p>21 group.</p> <p>22 And as I mentioned before, in my Daubert I</p> <p>23 also ran it with Colorado Peer Group in conjunction</p> <p>24 with -- in conjunction with the preexisting control.</p> <p>25 Again, this discussion is for the Table 1 4:47PM</p> <p style="text-align: right;">Page 111</p>	<p>1 disclosure was after-hours, so it would be the next 4:49PM</p> <p>2 trading day.</p> <p>3 Q Right. And the event study that</p> <p>4 Mr. Steinholt used to actually quantify the</p> <p>5 inflation results in the lowest amount of inflation; 4:49PM</p> <p>6 correct?</p> <p>7 MS. ROSENBERG: Objection to form.</p> <p>8 THE WITNESS: Lowest amount of inflation</p> <p>9 according to what?</p> <p>10 BY MS. JENSEN: 4:49PM</p> <p>11 Q Of all of his reports.</p> <p>12 MS. ROSENBERG: Objection, form.</p> <p>13 THE WITNESS: I don't think any of his</p> <p>14 reports establish any inflation. So I wouldn't view</p> <p>15 it as the lowest of the inflation numbers. I would 4:49PM</p> <p>16 view it as a flawed finding of inflation.</p> <p>17 BY MS. JENSEN:</p> <p>18 Q And flawed again for the same reasons that</p> <p>19 you indicated earlier?</p> <p>20 A Same reasons as identified in my reports. 4:50PM</p> <p>21 Q So do you contend that Steinholt's event</p> <p>22 study methodology was ad hoc and results oriented?</p> <p>23 A I would go back to the exact language I</p> <p>24 used. I think that his swapping -- ditching of the</p> <p>25 industry control for this set of three or four -- 4:50PM</p> <p style="text-align: right;">Page 113</p>

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<p>1 sometimes he uses three, sometimes I think he uses 4:50PM</p> <p>2 four -- of the Colorado peers is ad hoc.</p> <p>3 Q Okay. Again, even though those are the</p> <p>4 same companies that you cite in your report; right?</p> <p>5 A Well, I cited it for purposes of discussing 4:50PM</p> <p>6 the Firestone incident, yes.</p> <p>7 Q Do you contend that Steinholt's market</p> <p>8 efficiency event methodology was ad hoc and flawed?</p> <p>9 A We have to go back to his market efficiency.</p> <p>10 My memory is that he used the -- I would have to go 4:51PM</p> <p>11 back, but my memory is he used the industry control</p> <p>12 constructed from the 10-K of Anadarko. I did not</p> <p>13 criticize him for that.</p> <p>14 Q Okay.</p> <p>15 A I don't dispute that market efficiency 4:51PM</p> <p>16 finding, as we discussed earlier today.</p> <p>17 Q Right. Again, as we've established,</p> <p>18 Steinholt's Colorado Peer Group were the same</p> <p>19 companies identified by you in your prior report;</p> <p>20 right? 4:51PM</p> <p>21 MS. ROSENBERG: Objection to form.</p> <p>22 THE WITNESS: I think I've answered this.</p> <p>23 So I do have a discussion concerning the Firestone</p> <p>24 incident and I believe there is an analyst report</p> <p>25 that I discuss that has these particular companies, 4:52PM</p> <p style="text-align: right;">Page 114</p>	<p>1 THE WITNESS: So, again, I used 5 percent 4:53PM</p> <p>2 as the cutoff. We can look at the T-statistic. My</p> <p>3 memory --</p> <p>4 (Discussion off the record.)</p> <p>5 BY MS. ROSENBERG: 4:53PM</p> <p>6 Q Let's set aside the 1 percent.</p> <p>7 The Steinholt event studies, the two that</p> <p>8 we just talked about, resulted in a statistically</p> <p>9 significant price decline on May 3rd, 2017; right?</p> <p>10 A That's my memory. 4:54PM</p> <p>11 Q Okay. And so did the event study that he</p> <p>12 used to analyze market efficiency; correct?</p> <p>13 A Yes.</p> <p>14 Q So what result do you suggest Steinholt</p> <p>15 was attempting to obtain by only using the companies 4:54PM</p> <p>16 you identified as Colorado operators?</p> <p>17 A Well, I explain this in my Daubert report,</p> <p>18 we can turn to that. But he has a test, a test that</p> <p>19 he constructs to prove that his Colorado peer accounts</p> <p>20 for the Colorado issues. 4:54PM</p> <p>21 And, you know, we can go to my Daubert</p> <p>22 report, but you know, if you were just to add the</p> <p>23 Colorado peers rather than in substitution of that</p> <p>24 preexisting industry control, as I explained in that</p> <p>25 report, it would not pass his so-called test, his 4:55PM</p> <p style="text-align: right;">Page 116</p>
<p>1 the four I believe. 4:52PM</p> <p>2 BY MS. JENSEN:</p> <p>3 Q One of the companies that you identified</p> <p>4 in your report, Extraction Gas & Oil, are you aware</p> <p>5 that it did not trade for the full year prior to 4:52PM</p> <p>6 April 27th, 2017?</p> <p>7 A Yes, I remember that.</p> <p>8 Q Okay. So Steinholt performed two</p> <p>9 analyses, the first was with the only three</p> <p>10 companies that traded the entire year prior to 4:52PM</p> <p>11 April 27, 2017, the second with all four companies</p> <p>12 for a shorter period of time; right?</p> <p>13 A We can look at his report. That's</p> <p>14 consistent with my general memory. I didn't memorize</p> <p>15 every aspect of his report, but that's consistent with 4:52PM</p> <p>16 my overall memory.</p> <p>17 Again, those groupings being the new</p> <p>18 industry control in lieu of the old industry</p> <p>19 control.</p> <p>20 Q And both of the event studies that 4:53PM</p> <p>21 Steinholt ran with the Colorado companies that were</p> <p>22 identified in your report resulted in a</p> <p>23 statistically significant decline at the 1 percent</p> <p>24 level on May 3rd, 2017; right?</p> <p>25 MS. ROSENBERG: Objection -- 4:53PM</p> <p style="text-align: right;">Page 115</p>	<p>1 test for whether the Colorado peers, in fact, 4:55PM</p> <p>2 controls for Anadarko the Colorado effects.</p> <p>3 Q So would the price impact opinion have</p> <p>4 been any different if he used any other inputs?</p> <p>5 A Well, I'm not here to speak for him. 4:55PM</p> <p>6 As I understand his argument is he's</p> <p>7 claiming, erroneously, but he's claiming that for</p> <p>8 May 3rd -- I think my understanding of what he's</p> <p>9 saying is he does agree there's confounding</p> <p>10 information on May 3rd, the Firestone investigation 4:55PM</p> <p>11 information.</p> <p>12 And that he purports to control for that,</p> <p>13 what he admits is confounding information on</p> <p>14 May 3rd, he purports to control for that via the</p> <p>15 Colorado Peer Group. 4:56PM</p> <p>16 He makes the further argument, as I</p> <p>17 remember, that he proves that this is an adequate</p> <p>18 control for the Colorado effects on Anadarko by</p> <p>19 virtue of the fact that when he runs it for</p> <p>20 April 27th, I believe, there is no statistically 4:56PM</p> <p>21 significant residual for Anadarko.</p> <p>22 But that's only because he swapped out the</p> <p>23 industry control rather than adding what he already</p> <p>24 deemed to be an appropriate industry control in the</p> <p>25 first instance. 4:56PM</p> <p style="text-align: right;">Page 117</p>

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<p>1 So I think part of -- I'm not trying to 4:56PM</p> <p>2 capture everything here, but part of what's going on</p> <p>3 is you need to substitute out what was a perfectly</p> <p>4 good industry control for this new control in the</p> <p>5 way that he did in order for it to pass this test 4:56PM</p> <p>6 that he constructs.</p> <p>7 Q So you're not contending, however, that</p> <p>8 any construction of his event study for purposes of</p> <p>9 May 3rd would result in a not statistically</p> <p>10 significant residual return for Anadarko? 4:57PM</p> <p>11 A That's not what I'm saying.</p> <p>12 Q In Paragraph 26 you talk about --</p> <p>13 A Give me one second while I get there.</p> <p>14 Q Sure.</p> <p>15 A Yes. 4:58PM</p> <p>16 Q So you talk about oil prices and so my</p> <p>17 question to you is: Is it your opinion that an</p> <p>18 industry index can only be used to control for oil</p> <p>19 prices?</p> <p>20 A No, that's not what I'm saying. 4:58PM</p> <p>21 Q Okay. So other factors that relate to the</p> <p>22 industry may also impact the price across an index;</p> <p>23 right, an index of oil companies?</p> <p>24 A Yes.</p> <p>25 Q And an oil company index can control for 4:58PM</p> <p style="text-align: right;">Page 118</p>	<p>1 capture the average -- the industry effect, the 5:00PM</p> <p>2 impact on the industry and, hence, on the individual</p> <p>3 company through the estimated coefficient.</p> <p>4 Q But it could control for industry-wide</p> <p>5 information; right? 5:00PM</p> <p>6 A It can, but -- and this is critically</p> <p>7 important -- if there is a disproportionate effect on</p> <p>8 the individual company, then the industry control is</p> <p>9 not going to fully capture that because by definition,</p> <p>10 there would be an effect above and beyond what would 5:00PM</p> <p>11 otherwise be -- above and beyond what is otherwise</p> <p>12 captured by the industry effect.</p> <p>13 Q So you discussed the Firestone explosion</p> <p>14 in your report and that occurred on April 17th,</p> <p>15 2017; correct? 5:01PM</p> <p>16 A Correct, and I think I earlier said</p> <p>17 April 27th, I misspoke, it's April 17th.</p> <p>18 Q And it was publicly-available information</p> <p>19 that there was a well owned or operated by Anadarko</p> <p>20 200 feet from the house; right? 5:01PM</p> <p>21 A I think it's 200 feet. But yes, there is a</p> <p>22 nearby well, yes.</p> <p>23 Q And the company issued a statement on</p> <p>24 April 26th, 2017 about the Firestone explosion;</p> <p>25 right? 5:02PM</p> <p style="text-align: right;">Page 120</p>
<p>1 any industry -- I'm sorry, industry-wide new 4:58PM</p> <p>2 information; right?</p> <p>3 MS. ROSENBERG: Objection to form.</p> <p>4 THE WITNESS: What the industry index</p> <p>5 controls for is going to be a function of how the 4:59PM</p> <p>6 industry index is constructed and we can talk about</p> <p>7 how to do that.</p> <p>8 But certainly industry effects is not</p> <p>9 confined to one variable, although obviously oil is</p> <p>10 a particularly important variable for an oil company 4:59PM</p> <p>11 but it's certainly not confined to that.</p> <p>12 BY MS. JENSEN:</p> <p>13 Q It's not unique to oil companies; right?</p> <p>14 I mean, any company operating in a particular</p> <p>15 industry, an industry index would control for 4:59PM</p> <p>16 industry-wide events?</p> <p>17 A Properly constructed and properly estimated.</p> <p>18 Q So --</p> <p>19 A Just to be clear, it would capture the</p> <p>20 average effects on the company in question. So the 5:00PM</p> <p>21 average effect as represented by the coefficient of</p> <p>22 industry movements on a particular company.</p> <p>23 So if a company had a disproportionate</p> <p>24 effect from an event, the industry control by</p> <p>25 construction wouldn't capture that, it would only 5:00PM</p> <p style="text-align: right;">Page 119</p>	<p>1 A Yes, there is a company disclosure 5:02PM</p> <p>2 concerning that.</p> <p>3 Q Okay. And so the linkage of the explosion</p> <p>4 to Anadarko was first reported on April 26th when</p> <p>5 Anadarko made that announcement; right? 5:02PM</p> <p>6 A I don't agree with that. I don't think the</p> <p>7 cause for the explosion is known until May 3rd.</p> <p>8 Q So the cause is suspected to be this well</p> <p>9 at least as of April 26th, 2017; correct?</p> <p>10 A I mean, it's known that the well is nearby. 5:02PM</p> <p>11 It's obviously known that there is an explosion, but</p> <p>12 the cause of the explosion and the results of the</p> <p>13 investigation are not reported until May 3rd.</p> <p>14 Q But my question was a little different.</p> <p>15 Analysts were saying as of April 26th or 5:02PM</p> <p>16 thereabouts that the Anadarko well 200 feet away</p> <p>17 from the home that exploded was suspected to be</p> <p>18 linked to the explosion; correct?</p> <p>19 A I think there is discussion of a nearby</p> <p>20 well, but it was not known at that point that it was 5:03PM</p> <p>21 in fact the cause.</p> <p>22 Q So you're agreeing with me, however, that</p> <p>23 the market suspected it to be linked to the</p> <p>24 explosion as of April 26th, 2017?</p> <p>25 A My understanding of the facts are it was 5:03PM</p> <p style="text-align: right;">Page 121</p>

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<p>1 known to the market that the well was nearby. It was 5:03PM 2 also known to the market that Anadarko was the largest 3 operator in Colorado. It was not known by the market 4 that the cause of the explosion was the well. 5 Q But it was suspected to be the cause? 5:03PM 6 A I don't remember the word "suspected" in 7 April 27th, but it was known that the well was nearby. 8 It was not known that the cause of the well explosion 9 until the investigation and the information concerning 10 the investigation from May 3rd. 5:03PM 11 Q So if -- hold on one second. 12 MS. JENSEN: I've marked as an exhibit a 13 document that bears the Bates stamp 14 LA-APCSUB-013613. This is marked as Exhibit 521. 15 (Whereupon, Exhibit 521 was marked for 5:05PM 16 identification.) 17 BY MS. JENSEN: 18 Q Have you seen this document before? 19 A I don't recall this offhand. 20 Q You do recall that Anadarko issued a press 5:05PM 21 release on April 26th? 22 A I do. 23 Q And Anadarko confirmed in that statement 24 that its well was 200 feet from the home that 25 exploded? 5:06PM</p> <p style="text-align: right;">Page 122</p>	<p>1 Q But prior to May 3rd, you don't dispute 5:07PM 2 that the well was suspected to be the cause? 3 A I'm just going to restate what I said, which 4 is the market was aware that the well was nearby, that 5 there was an explosion, so obviously the well could 5:07PM 6 have been a potential cause, and the market learned 7 that the cause was, in fact, the well on May 3rd. 8 Q Okay. I mean, I understand you're 9 skirting my question, that's okay. So let's look at 10 the exhibit. And on Page 2 of this document. 5:07PM 11 A Yes. 12 Q If you look at -- sorry, I just lost the 13 place. 14 E&P, so this is on the second page of this 15 document. 5:08PM 16 A Yes. 17 Q And it discusses APC, its press release. 18 A Yes. 19 Q Right? 20 And it says here that the "Tragic 5:08PM 21 Wattenberg incident likely puts the oil and gas 22 industry back in Colorado political crosshairs." 23 And that APC had issued a statement yesterday 24 regarding the Firestone home explosion that resulted 25 in the deaths of two men. 5:08PM</p> <p style="text-align: right;">Page 124</p>
<p>1 A Yes, I agree that the market knew that there 5:06PM 2 is a nearby well. 3 Q And Anadarko also said that it was working 4 cooperatively with regulatory agencies in their 5 investigations? 5:06PM 6 A Yes. 7 Q It also said that it was shutting in 8 3,000 producing vertical wells in Colorado? 9 A Yes. 10 Q And at that time the market -- market 5:06PM 11 participants commented that the well was expected to 12 be linked to the explosion; right? 13 A I don't remember the -- that might well be 14 the case, but that's consistent with my memory, which 15 is the market in the total mix of information was 5:06PM 16 aware of that fact. 17 So obviously that was one potential cause 18 for the explosion. 19 Q It was the anticipated cause at that 20 point? 5:07PM 21 A I think that's an aggressive statement. 22 It's the market knew the well was nearby and that 23 certainly was obviously a potential cause, but the 24 actual cause for the explosion, as I understand the 25 total mix, was May 3rd. 5:07PM</p> <p style="text-align: right;">Page 123</p>	<p>1 And it states that it operated "an older 5:08PM 2 vertical well only 200 feet away from the home which 3 is suspected to be linked to the explosion"; right? 4 A You read that correctly. 5 Q Okay. Now, when the fire department made 5:08PM 6 its statements, the analysts stated that the 7 information just confirmed the linkage, not that the 8 linkage was new information; right? 9 MS. ROSENBERG: Objection to form. 10 THE WITNESS: It is new information, but 5:09PM 11 the cause in fact was the well. And that is new 12 information that is released on May 3rd. 13 BY MS. JENSEN: 14 Q Are you disputing that analysts said that 15 the investigators had confirmed the cause? 5:09PM 16 A I don't remember the exact way it was 17 phrased, but again, it was well known that there was a 18 nearby well. Obviously that's a potential reason for 19 the explosion. 20 The actual in fact reason as a result of 5:09PM 21 the investigation was learned May 3rd. 22 Q So let's break that down a little bit. 23 UBS, this is an analyst that I believe 24 you've cited in your reports; correct? 25 A You have to show me the analyst report. 5:10PM</p> <p style="text-align: right;">Page 125</p>

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<p>1 Q Okay. You're familiar with UBS? 5:10PM</p> <p>2 A Yes.</p> <p>3 Q It's a large reputable analyst?</p> <p>4 A Yes.</p> <p>5 MS. JENSEN: I've marked as Exhibit 522 a 5:11PM</p> <p>6 May 3rd, 2017 UBS analyst report.</p> <p>7 (Whereupon, Exhibit 522 was marked for</p> <p>8 identification.)</p> <p>9 THE WITNESS: Yes.</p> <p>10 MS. JENSEN: I should state for the record 5:11PM</p> <p>11 that this is a document that bears Bates stamp</p> <p>12 UBS0001735.</p> <p>13 Q Dr. Ferrell, you've seen this before;</p> <p>14 right?</p> <p>15 A I believe so, yes. 5:11PM</p> <p>16 Q And the headline here, "Large Exploration</p> <p>17 Expense Drives 1Q17 EPS/CFPS Miss but EBITDX Beats;</p> <p>18 Maintains 2017 Guidance."</p> <p>19 Do you see that?</p> <p>20 A I do. 5:12PM</p> <p>21 Q And the third paragraph or third heading</p> <p>22 in this document says, first sentence,</p> <p>23 "Investigators confirmed" -- do you see the use of</p> <p>24 the word "confirmed"?</p> <p>25 A I do. 5:12PM</p> <p style="text-align: right;">Page 126</p>	<p>1 Q And in that report you talked about the 5:13PM</p> <p>2 3,000 wells shut in, but you didn't disclose that it</p> <p>3 was actually announced on April 26th, 2017. Why?</p> <p>4 A If you want to discuss a particular part of</p> <p>5 my report originally, I would be happy to take a look. 5:13PM</p> <p>6 Q You don't deny that's -- that you</p> <p>7 discussed the 3,000 shut-in wells but you did not</p> <p>8 disclose the date on it?</p> <p>9 A I don't remember that particular -- I</p> <p>10 remember discussing the 3,000 wells. If you want to 5:14PM</p> <p>11 discuss a particular aspect of my earlier report and</p> <p>12 why I framed it the way I did, I will be happy to take</p> <p>13 a look.</p> <p>14 Q That's what I'm asking. Why didn't you</p> <p>15 disclose that it was actually April 26th, 2017? 5:14PM</p> <p>16 A You're making -- you want to discuss a</p> <p>17 particular part of my earlier report, I would like to</p> <p>18 see that part of the report that we're discussing.</p> <p>19 Q So you don't have an answer to it without</p> <p>20 seeing that you didn't say the date? 5:14PM</p> <p>21 MS. ROSENBERG: Objection, argumentative.</p> <p>22 THE WITNESS: If you want to discuss a</p> <p>23 different report and the framing that I did there, I</p> <p>24 want to take a look at what we're talking about.</p> <p>25 And I'll be happy to discuss it. 5:14PM</p> <p style="text-align: right;">Page 128</p>
<p>1 Q -- "the recent home explosion in 5:12PM</p> <p>2 Firestone, CO was caused by an abandoned, severed</p> <p>3 1-inch gas line that was still connected to APC's</p> <p>4 nearby well."</p> <p>5 So the market analysts referred to the 5:12PM</p> <p>6 investigation as confirmation of the cause; right?</p> <p>7 A This particular analyst used the word</p> <p>8 "confirmed," but again, it doesn't change my opinion.</p> <p>9 It was known to the market that the well was nearby.</p> <p>10 Obviously it's a potential reason for the 5:12PM</p> <p>11 explosion.</p> <p>12 And in fact, the actual cause was released</p> <p>13 on May 3rd.</p> <p>14 Q Now, on April 26th, there was a</p> <p>15 statistically significant price decline following 5:13PM</p> <p>16 Anadarko's press release about Firestone; right?</p> <p>17 A That might be true. I don't have a specific</p> <p>18 recollection of that.</p> <p>19 Q Did you know about the April 26th price</p> <p>20 decline when you wrote your first rebuttal report 5:13PM</p> <p>21 for class certification?</p> <p>22 A I don't have a recollection either way.</p> <p>23 You know, the regression results have all</p> <p>24 the regression outputs. But I don't have a specific</p> <p>25 recollection of that. 5:13PM</p> <p style="text-align: right;">Page 127</p>	<p>1 BY MS. JENSEN: 5:14PM</p> <p>2 Q I mean, let's just assume that I'm right,</p> <p>3 okay, for purposes of this discussion.</p> <p>4 You didn't disclose that the 3,000 shut-in</p> <p>5 wells were actually announced on April 26th, 2017. 5:14PM</p> <p>6 Why?</p> <p>7 MS. ROSENBERG: Objection --</p> <p>8 THE WITNESS: Again, if you want to</p> <p>9 discuss a previous report of mine and the discussion</p> <p>10 there, I'll be happy to take a look. 5:15PM</p> <p>11 You're making representations about my</p> <p>12 prior report, I would like to take a look at what</p> <p>13 we're discussing.</p> <p>14 BY MS. JENSEN:</p> <p>15 Q Sitting here right now, you don't know one 5:15PM</p> <p>16 way or the other whether that's true?</p> <p>17 MS. ROSENBERG: Objection to form.</p> <p>18 BY MS. JENSEN:</p> <p>19 Q Is that what you're saying?</p> <p>20 A All the documents I relied upon in my 5:15PM</p> <p>21 reports are contained in the documents relied upon.</p> <p>22 You know, there are effects of the Colorado incident</p> <p>23 on the companies operating there.</p> <p>24 But if you want to look at particular</p> <p>25 language in my earlier report, I would like to take 5:15PM</p> <p style="text-align: right;">Page 129</p>

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<p>1 a look to see what you have in mind and what we're 5:15PM 2 discussing.</p> <p>3 Q Well, all I'm saying is language that's 4 not there, Dr. Ferrell.</p> <p>5 Look, it doesn't -- it's language you 5:15PM 6 didn't put in your report and I'm just asking if you 7 knew that the 3,000 well shut-in occurred on 8 April 26th when you wrote your first report?</p> <p>9 A No.</p> <p>10 MS. ROSENBERG: Rachel, Dr. Ferrell has 5:16PM 11 repeatedly asked you to please show him the portion 12 of his report that you would like to ask questions 13 about.</p> <p>14 If you're going to refuse to do that and 15 continue to badger him about it, he's not going to 5:16PM 16 be able to answer your question.</p> <p>17 MS. JENSEN: Let's just step away from the 18 report, okay. Let's just forget about the report.</p> <p>19 Q Did you know when you wrote your class 20 certification report that the wells shut-in occurred 5:16PM 21 actually on April 26th, 2017?</p> <p>22 A I don't remember offhand the specific date. 23 I cite all the documents that I used, which obviously 24 are dated. Again, I want to look at my report if 25 you're going to ask me questions about it. 5:16PM Page 130</p>	<p>1 A Well, it's a general discussion of, you 5:27PM 2 know, this -- the confounding -- the fact that there's 3 confounding information on the -- relating to the 4 May 3rd price reaction.</p> <p>5 Q That you claim to be confounding; right? 5:28PM 6 So at the top of Page 7, it says, "Related 7 to this incident, Anadarko shut down 3,000 of its 8 older, vertical oil and gas wells in northeastern 9 Colorado as a precaution."</p> <p>10 And the footnote is to a May 2nd, 2017 5:28PM 11 article; correct?</p> <p>12 A Footnote 24, I believe that's correct. Yes.</p> <p>13 Q Okay. And -- but in fact, it was much 14 earlier than that. It was on April 26th, 2017; 15 correct? 5:28PM</p> <p>16 A Correct. I'm not -- I never claimed and I'm 17 not claiming that that is the confounding information 18 that is referencing earlier actions that happened in 19 the aftermath of Firestone.</p> <p>20 Q Right. But it's citing to a May 2nd, 2017 5:29PM 21 article?</p> <p>22 A Sure, it's a May 2nd article that's 23 discussing these effects of the earlier explosion.</p> <p>24 Q Right. Which were known since April 26th, 25 2017? 5:29PM Page 132</p>
<p>1 MS. JENSEN: Okay. Let's take a quick 5:16PM 2 break so we can do that.</p> <p>3 THE VIDEOGRAPHER: We're off the record. 4 It's 5:16 p.m.</p> <p>5 (Recess taken.) 5:17PM</p> <p>6 THE VIDEOGRAPHER: We're back on the 7 record. It's 5:26 p.m.</p> <p>8 BY MS. JENSEN:</p> <p>9 Q All right. Dr. Ferrell, I've marked as 10 Exhibit 523 your expert report from December 10th, 5:27PM 11 2021. You should be able to see it.</p> <p>12 (Whereupon, Exhibit 523 was marked for 13 identification.)</p> <p>14 THE WITNESS: I do.</p> <p>15 BY MS. JENSEN: 5:27PM</p> <p>16 Q Okay. And is this one of the reports you 17 incorporated into your current report?</p> <p>18 A Yes.</p> <p>19 Q So if you turn to Page 7.</p> <p>20 A Yes. 5:27PM</p> <p>21 Q It's a continuation of Paragraph 14. And 22 so I might as well start at the beginning. 23 So Paragraph 14 is talking about a 24 chronology of events on May 2nd after the filing of 25 the 10-Q; correct? 5:27PM Page 131</p>	<p>1 A Well, what's confounding, as I explained and 5:29PM 2 as we've been discussing, is the fact that Anadarko 3 well was the cause of the explosion.</p> <p>4 Q But that's what you're claiming to be 5 confounding? 5:29PM</p> <p>6 A Yes, that the information about the cause as 7 documented in my report and we've been discussing 8 today is the results of the investigation as to who 9 was responsible for the explosion.</p> <p>10 Q Now, the investigation was -- that was not 5:29PM 11 the results of the investigation, the investigation 12 was ongoing at that time; correct?</p> <p>13 A Right. There was announcements concerning 14 the investigation on May 2nd that I have reflected in 15 the tweets that I include. 5:30PM</p> <p>16 Q And in your January 25th, 2023 report in 17 Paragraph 13, you reference Anadarko's statement on 18 May 2nd at 5:18 p.m. and it refers to cooperation 19 with ongoing -- the ongoing investigations; right?</p> <p>20 A I believe that's accurate. You're in 5:30PM 21 Paragraph 13?</p> <p>22 Q Yes, on Page 6. Coincidentally also 23 Page 6.</p> <p>24 A Yes.</p> <p>25 Q Now, you can set this aside. 5:30PM Page 133</p>

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<p>1 Okay. Let's turn now to Paragraph 13 on 5:31PM</p> <p>2 Page 6 of your January 2023 report. And that</p> <p>3 same --</p> <p>4 A Sorry, what page again?</p> <p>5 Q Page 6. 5:31PM</p> <p>6 A Okay.</p> <p>7 Q So that same statement that Anadarko</p> <p>8 issued on 5:18 p.m.?</p> <p>9 A Yes.</p> <p>10 Q It should be at 5:18 p.m. on May 2nd, 5:31PM</p> <p>11 2017, it also referred to the Colorado Oil and Gas</p> <p>12 Conservation Commission on additional steps.</p> <p>13 An around that same time, the governor</p> <p>14 made an announcement; correct?</p> <p>15 A Yes, there's this statement concerning its 5:31PM</p> <p>16 cooperation with the Colorado Oil and Gas Conservation</p> <p>17 Commission.</p> <p>18 Q Around this same time in the evening of</p> <p>19 May 2nd, 2017, the governor made a statement as</p> <p>20 well? 5:32PM</p> <p>21 A That I don't have a specific recollection</p> <p>22 whether that was earlier or May 2nd. What I do recall</p> <p>23 is the fire investigation's finding that Anadarko was</p> <p>24 responsible and then obviously Anadarko released a</p> <p>25 press release. 5:32PM</p> <p style="text-align: right;">Page 134</p>	<p>1 Anadarko Petroleum well near the house that had been 5:33PM</p> <p>2 cut when a tank battery was moved before the Oak</p> <p>3 Meadows subdivision was built."</p> <p>4 Q Right. So none of those said that</p> <p>5 Anadarko is responsible; right? 5:33PM</p> <p>6 A I can repeat the language. The language --</p> <p>7 Q That's okay. You just read the language,</p> <p>8 so it's fresh in your mind --</p> <p>9 A I'm going to finish answering the question.</p> <p>10 The text I just read are talking about the 5:34PM</p> <p>11 cause of the explosion, the cause being this</p> <p>12 pipeline that's been cut and as we discussed</p> <p>13 earlier, it was well known that Anadarko's well was</p> <p>14 about 200 feet away.</p> <p>15 Q So I'm going to repeat my question. 5:34PM</p> <p>16 So none of the words that you just read</p> <p>17 said that Anadarko was responsible; right?</p> <p>18 MS. ROSENBERG: Objection to form, asked</p> <p>19 and answered.</p> <p>20 THE WITNESS: I'm going to reread what it 5:34PM</p> <p>21 actually says.</p> <p>22 "Firestone home explosion caused by gas</p> <p>23 leaking into that home from an abandoned flow line."</p> <p>24 "Cause" --</p> <p>25</p> <p style="text-align: right;">Page 136</p>
<p>1 Q They never actually said that Anadarko was 5:32PM</p> <p>2 responsible, did they?</p> <p>3 A The -- well, the language is reflected in my</p> <p>4 report in Footnotes 22 and 23.</p> <p>5 Q Right. But they never say that Anadarko 5:32PM</p> <p>6 is responsible, do they?</p> <p>7 A I'm happy to read the language. I would</p> <p>8 rather be specific here.</p> <p>9 So Footnote 22, "Officials are providing</p> <p>10 an update on last month's home explosion in 5:32PM</p> <p>11 Firestone. The event is under investigation by the</p> <p>12 authorities and no conclusion has been reached as to</p> <p>13 its cause." This is April 27.</p> <p>14 I'll skip over the April 27 stuff.</p> <p>15 So April 27th is "The cause of the 5:33PM</p> <p>16 explosion is still unknown."</p> <p>17 And then going on to Footnote 23,</p> <p>18 "Officials: Firestone home explosion caused by gas</p> <p>19 leaking into home from abandoned flow line."</p> <p>20 "Cause of deadly Firestone home explosion 5:33PM</p> <p>21 was a cut line to an oil and gas well."</p> <p>22 Q Right.</p> <p>23 A And then there's the Denver Post which</p> <p>24 states, at 4:51, "Fire investigators found a 1-inch</p> <p>25 diameter black plastic pipeline running from an 5:33PM</p> <p style="text-align: right;">Page 135</p>	<p>1 BY MS. JENSEN: 5:34PM</p> <p>2 Q Let me stop you there.</p> <p>3 (Unreportable crosstalk.)</p> <p>4 MS. JENSEN: Wait, hold on a second.</p> <p>5 THE REPORTER: Dr. Ferrell, I cannot -- 5:34PM</p> <p>6 MS. JENSEN: Dr. Ferrell, please stop.</p> <p>7 THE REPORTER: Dr. Ferrell, excuse me,</p> <p>8 this is the reporter --</p> <p>9 MS. JENSEN: I was trying to tell you the</p> <p>10 court reporter was asking you to stop. Okay. 5:35PM</p> <p>11 Dr. Ferrell, if we need to take a break so</p> <p>12 we can reset.</p> <p>13 THE REPORTER: I need to take a break.</p> <p>14 THE VIDEOGRAPHER: We're off the record.</p> <p>15 It's 5:35 p.m. 5:35PM</p> <p>16 (Recess taken.)</p> <p>17 THE VIDEOGRAPHER: We're back on the</p> <p>18 record. It's 5:45 p.m.</p> <p>19 BY MS. JENSEN:</p> <p>20 Q Okay. Welcome back, Dr. Ferrell. 5:45PM</p> <p>21 So we had a little Zoom issue. We're</p> <p>22 going to go ahead and move forward.</p> <p>23 A Yes.</p> <p>24 Q Okay. So let me see if I can pick up</p> <p>25 where we left off and there may be a slightly 5:46PM</p> <p style="text-align: right;">Page 137</p>

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<p>1 different way to ask my question in a way that we 5:46PM</p> <p>2 can sort of move forward in a more streamlined way</p> <p>3 as well, which is to say that the -- I had asked if</p> <p>4 any of these statements here in your footnotes have</p> <p>5 the words that Anadarko is responsible. 5:46PM</p> <p>6 And can you just please confirm that the</p> <p>7 answer is no?</p> <p>8 A No.</p> <p>9 Q Thank you.</p> <p>10 A That exact set of words does not appear in 5:46PM</p> <p>11 Footnotes 23 or 24.</p> <p>12 Q Okay. We talked just very shortly ago</p> <p>13 about a statement from the Colorado governor. And I</p> <p>14 see it here in your report on Page 6. It's about</p> <p>15 the middle of the paragraph of Paragraph 13 which 5:46PM</p> <p>16 goes over onto Page 6.</p> <p>17 And there is a reference to the Colorado</p> <p>18 governor's order relating to oil and gas companies</p> <p>19 statewide to inspect and pressure test oil and gas</p> <p>20 flow lines within 1,000 feet of occupied buildings. 5:47PM</p> <p>21 So is that something that also occurred in</p> <p>22 the evening of May 2nd, 2017?</p> <p>23 A I don't believe so. It is referenced in the</p> <p>24 Denver Post on May 2nd. I believe that is with</p> <p>25 respect to earlier events, earlier events involving 5:47PM</p> <p style="text-align: right;">Page 138</p>	<p>1 That was a true statement; correct? 5:49PM</p> <p>2 A I think it could have been more artfully</p> <p>3 written. I think the statement is a reference to the</p> <p>4 later Denver Post article that references that. But I</p> <p>5 do believe that it's an earlier action, earlier than 5:49PM</p> <p>6 May 2nd actions by the governor.</p> <p>7 As to whether it was April 17th or 27th, I</p> <p>8 don't remember. I think it was shortly after the</p> <p>9 initial incident is my best recollection.</p> <p>10 Q And you don't -- you don't cite any source 5:49PM</p> <p>11 for that report or that order that you say occurs</p> <p>12 after the firefighters release their report. You</p> <p>13 don't cite any source for that prior to 4:51 p.m. on</p> <p>14 May 2nd, 2017; correct?</p> <p>15 A Footnote 25 is 4:51 p.m., that's correct. 5:49PM</p> <p>16 Q My question is a little broader than that.</p> <p>17 You don't say anywhere any report of that</p> <p>18 order prior to 4:51 on May 2nd, 2017; correct?</p> <p>19 A The governor's order?</p> <p>20 Q Yes. 5:50PM</p> <p>21 A I don't have a specific -- I know Steinholt</p> <p>22 talks about it, I just don't have a specific</p> <p>23 recollection if it's in my prior reports.</p> <p>24 But my memory sitting here is that this</p> <p>25 would not be confounding information. This would be 5:50PM</p> <p style="text-align: right;">Page 140</p>
<p>1 the incident. 5:47PM</p> <p>2 Q When do you think that was?</p> <p>3 A I do remember after the April 17th</p> <p>4 explosion, there was actions by the governor in terms</p> <p>5 of preventative measures. 5:47PM</p> <p>6 I don't remember whether it was April 17th</p> <p>7 or April 27th, but my memory sitting here right now</p> <p>8 is that this would not be part of the confounding</p> <p>9 information on after-hours on May 2nd.</p> <p>10 Q Well, in your report it says, "soon after 5:48PM</p> <p>11 the firefighters released their report." That's on</p> <p>12 May 2nd after close of market; correct?</p> <p>13 A So the firefighters' report is May 2nd. I</p> <p>14 believe the reference to the governor in the article</p> <p>15 May 2nd is a reference to earlier actions is my best 5:48PM</p> <p>16 recollection.</p> <p>17 So I would not view that as part of the</p> <p>18 confounding information on this day.</p> <p>19 Q That's not my question, Dr. Ferrell. So</p> <p>20 I'm going to read from your report. 5:48PM</p> <p>21 "Soon after the firefighters released</p> <p>22 their report, then Colorado Governor John</p> <p>23 Hickenlooper ordered oil and gas companies statewide</p> <p>24 to inspect and pressure test oil and gas flow lines</p> <p>25 within 1,000 feet of occupied buildings." 5:49PM</p> <p style="text-align: right;">Page 139</p>	<p>1 with respect to earlier actions that are being 5:50PM</p> <p>2 referenced in the 4:51 Denver Post.</p> <p>3 Q That's your position despite the fact that</p> <p>4 you don't have a source for that prior to May 2nd,</p> <p>5 2017 at 4:51 p.m.? 5:50PM</p> <p>6 A That's my memory of the record and the time</p> <p>7 frame. So the confounding information on May 2nd</p> <p>8 would be the cause of the explosion.</p> <p>9 Q Which would relate only to Anadarko then?</p> <p>10 A Well, I mean relate only, I mean, the facts 5:50PM</p> <p>11 could affect other companies as well, although maybe</p> <p>12 not in a proportionate way if this affects the</p> <p>13 regulatory environment going forward.</p> <p>14 Q In your class certification report, you</p> <p>15 cite the price declines of the other Colorado 5:51PM</p> <p>16 companies to argue that the Firestone issue would</p> <p>17 cause a similar decline in the Anadarko, do you not?</p> <p>18 A I don't remember the words "similar to</p> <p>19 Anadarko." It's certainly an event, even if it were</p> <p>20 to have a disproportionate effect on Anadarko, that 5:51PM</p> <p>21 would affect other companies.</p> <p>22 Q So if the news was solely about the cause</p> <p>23 of the explosion, how would it have any impact on</p> <p>24 other companies?</p> <p>25 A Sure, so this -- this is obviously going to 5:51PM</p> <p style="text-align: right;">Page 141</p>

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<p>1 create a regulatory issue, an issue of safety 5:51PM</p> <p>2 environmental. So you could easily imagine folks</p> <p>3 thinking about how is this explosion going to affect</p> <p>4 the industry as well as Anadarko in particular.</p> <p>5 Q So there was a concern about the 5:52PM</p> <p>6 regulatory environment in Colorado; correct?</p> <p>7 A I think that's fair.</p> <p>8 Q So concerns about issues such as setback</p> <p>9 rules and the overall cost of operating in Colorado?</p> <p>10 A I think at that general level -- that level 5:52PM</p> <p>11 of generality, obviously that would happen after the</p> <p>12 explosion itself, but there would be -- this is</p> <p>13 obviously a developing story as well.</p> <p>14 So it's not like those concerns all of a</p> <p>15 sudden only appear on May 2nd. This is an ongoing 5:52PM</p> <p>16 story that is going to disproportionately affect</p> <p>17 Anadarko given its status as the largest oil and gas</p> <p>18 producer being the cause of it, but certainly</p> <p>19 implicates other companies.</p> <p>20 Q And so it would implicate other companies 5:53PM</p> <p>21 that had substantial operations in Colorado; right?</p> <p>22 A Yes, I think that's reasonable.</p> <p>23 Q And it would -- it would impact companies</p> <p>24 that had all or most of their operations in Colorado</p> <p>25 the most; right? 5:53PM</p> <p style="text-align: right;">Page 142</p>	<p>1 each observation that they do give equal weight to 5:54PM</p> <p>2 each observation, that means there is no distinction</p> <p>3 made between the different types of market or</p> <p>4 industry information disclosed on a particular day;</p> <p>5 right? 5:54PM</p> <p>6 A I'm not sure quite what you mean, but in the</p> <p>7 regression, the calibration of the model, you use all</p> <p>8 the data in the estimation period to calibrate the</p> <p>9 model or to estimate the model.</p> <p>10 Q And no distinction is made between the 5:55PM</p> <p>11 different types of market or industry information</p> <p>12 disclosed on a particular day?</p> <p>13 A Well, it depends on what we're talking</p> <p>14 about. If we're talking about the estimation period</p> <p>15 that's used to estimate the coefficients, by 5:55PM</p> <p>16 definition if it's in that estimation period, it would</p> <p>17 feed into the -- be part of the data being used to</p> <p>18 estimate the coefficients that are then going to be</p> <p>19 used for the predicted return.</p> <p>20 Q So in addition to market and general 5:55PM</p> <p>21 industry factors, the Colorado Peer Group reflected</p> <p>22 industry factors unique to operating in Colorado;</p> <p>23 right?</p> <p>24 A It could. So obviously the historical</p> <p>25 relationship estimated for those companies would 5:55PM</p> <p style="text-align: right;">Page 144</p>
<p>1 A That would be one factor. Another factor 5:53PM</p> <p>2 would be responsibility. Another factor would be the</p> <p>3 size of those operations.</p> <p>4 So there would be a mix of reasons that</p> <p>5 would affect different companies, companies with 5:53PM</p> <p>6 operations that is in Colorado.</p> <p>7 Q You're familiar with the term "OLS</p> <p>8 regression"?</p> <p>9 A Yes.</p> <p>10 Q And what does that stand for? 5:53PM</p> <p>11 A Ordinary least squares.</p> <p>12 Q Are OLS regressions commonly used in event</p> <p>13 studies?</p> <p>14 A Yes.</p> <p>15 Q In fact, it's the form of regression used 5:54PM</p> <p>16 in almost every securities fraud class action;</p> <p>17 correct?</p> <p>18 A Yes.</p> <p>19 Q And when referring to an event study, it</p> <p>20 generally means an event study that used an OLS 5:54PM</p> <p>21 regression; correct?</p> <p>22 A Generally. I mean, you could have --</p> <p>23 generally speaking, unless there is a particular</p> <p>24 issue.</p> <p>25 Q And OLS regressions give equal weight to 5:54PM</p> <p style="text-align: right;">Page 143</p>	<p>1 reflect, you know, the relationship between the index 5:55PM</p> <p>2 that you're using and the individual firm.</p> <p>3 Q Did you investigate if it did reflect</p> <p>4 industry factors that were unique to Colorado?</p> <p>5 A When you say "it," I'm not sure what you 5:56PM</p> <p>6 mean.</p> <p>7 Q Okay. If the Colorado Peer Group</p> <p>8 reflected industry factors unique to Colorado.</p> <p>9 A Well, I did investigate whether there's</p> <p>10 factors unique to these Colorado companies on this 5:56PM</p> <p>11 particular disclosure date, so I did do that for these</p> <p>12 purposes, albeit I used a general market index for the</p> <p>13 model.</p> <p>14 Q So as someone who's investigated this</p> <p>15 issue, what were the unique Colorado-specific issues 5:56PM</p> <p>16 that were reflected in the Colorado Peer Group but</p> <p>17 not the E&P peer group?</p> <p>18 A The Colorado Peer Group as an industry</p> <p>19 control is not my industry control.</p> <p>20 What I did investigate is these individual 5:57PM</p> <p>21 Colorado companies and how they reacted on this</p> <p>22 date.</p> <p>23 Q So what did you find was causing their --</p> <p>24 the impact in their decline?</p> <p>25 A Well, the results of that study are reported 5:57PM</p> <p style="text-align: right;">Page 145</p>

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<p>1 in -- give me a second here. It's reported in 5:57PM 2 Page 29.</p> <p>3 Q So hold on a second. I think we're 4 talking about two different things because I said 5 what was the reason rather than the results. 5:58PM</p> <p>6 A Well, I mean, this is just showing that -- 7 let me get the exact language.</p> <p>8 Well, this is showing the effects on these 9 particular Colorado companies of any new 10 value-relevant information that was disclosed on 5:59PM 11 May 2nd on these particular companies.</p> <p>12 Q Okay. So what was the new value-relevant 13 information?</p> <p>14 A Well, it's just whatever new information is 15 released on May 2nd if we're going to explain the 5:59PM 16 commonality of these price declines across the group, 17 it would be, at least in part, the information 18 concerning the status of the situation in Colorado.</p> <p>19 Q Well, where do you say that it's in part? 20 You're saying only some of the price decline for 5:59PM 21 these companies was in part?</p> <p>22 A Well, I mean, the group is chosen because 23 these are identified by analysts or an analyst as 24 having particular exposure to Colorado and, hence, 25 what's going on in Colorado. So this is just 6:00PM Page 146</p>	<p>1 A What I discuss in my report and -- let me go 6:01PM 2 back to that part of the report.</p> <p>3 That would include the fire investigation, 4 the news coming out concerning that.</p> <p>5 Q So it included the regulatory environment 6:01PM 6 and the expected cost of operating in Colorado; 7 right? I believe you said that before.</p> <p>8 A Well, these concerns about the regulatory 9 environment is something that was expressed in the 10 analyst reports. But it's obviously affecting -- the 6:02PM 11 information on May 2nd is affecting -- the information 12 in southern Colorado is affecting, if you look at the 13 pattern here, this group of peer firms.</p> <p>14 Q Okay. Again, we're going to go back to 15 the fire department and what they said. What is 6:02PM 16 your understanding of what was disclosed?</p> <p>17 A Well, my understanding of what was disclosed 18 is reflected in those two footnotes, Footnote 23 and 19 Footnote 24 concerning the fire investigation.</p> <p>20 Q Okay. 6:02PM</p> <p>21 A And of course, there is the later Denver 22 Post which is also discussing these issues.</p> <p>23 I'm sorry, I should amend my answer, 24 Footnote 23, 24, 25, there's also the press release 25 from May 2nd as well. 6:03PM Page 148</p>
<p>1 illustrative of the fact that indeed this -- these 6:00PM 2 companies as a group did experience declines on this 3 date.</p> <p>4 Q But only part was because of the Colorado 5 situation? 6:00PM</p> <p>6 A Well, sitting here, I'm not aware of 7 firm-specific news for Noble, PDC, SRC or 8 Extraction O&G in addition to the Colorado news that 9 would explain any of these individual negative 10 residuals. 6:00PM</p> <p>11 But the pattern for all of these firms is 12 significant reductions in value.</p> <p>13 Q And why --</p> <p>14 A Reductions in value in the sense of a 15 statistically significant negative residual. 6:00PM</p> <p>16 Q But why?</p> <p>17 A I've already explained my view. So I'm not 18 aware sitting here of other firm-specific 19 value-relevant information with respect to any of 20 these four that was released the night before. 6:01PM</p> <p>21 The fact that there is a pattern here of 22 all of them falling is consistent with the news 23 about Colorado after-hours on May 2nd as being new 24 value-relevant information.</p> <p>25 Q That being what? 6:01PM Page 147</p>	<p>1 Q Now, at no point during that press 6:03PM 2 conference did the fire department say that Anadarko 3 violated any laws; correct?</p> <p>4 A My knowledge of what was disclosed in the 5 market is reflected in these footnotes and these 6:03PM 6 citations.</p> <p>7 Q Okay. So you'll stand on what is in those 8 footnotes so we don't have to go around and around 9 on that one again?</p> <p>10 A Yes. 6:03PM</p> <p>11 Q Okay. All right. Is it your opinion that 12 this information was value relevant?</p> <p>13 A Yes.</p> <p>14 Q And how so?</p> <p>15 Let me amend the answer, actually. I want 6:04PM 16 to ask a more specific question.</p> <p>17 So how would the linkage between Anadarko 18 and the explosion impact its future cash flow?</p> <p>19 A Well, I don't have a DCF model where I'm 20 tracking the cash flow at Anadarko. What is relevant 6:04PM 21 here from an event study analysis is there's negative 22 new value-relevant information, value relevant as 23 evidenced by the fact that Anadarko, in conjunction 24 with these other peer Colorado companies had 25 significant -- statistically significant price 6:04PM Page 149</p>

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<p>1 declines. 6:04PM</p> <p>2 Q So you did not analyze, for example, what</p> <p>3 Anadarko's expenses would be if the company was</p> <p>4 found liable for the explosion?</p> <p>5 A No, in an event study I'm not doing a DCF 6:05PM</p> <p>6 model. I'm asking the question, how did the market</p> <p>7 perceive the value relevance of this information?</p> <p>8 And that's why the event study approach is</p> <p>9 useful here.</p> <p>10 Q So did Anadarko have liability insurance 6:05PM</p> <p>11 to cover such accidents as the home explosion?</p> <p>12 A I don't know.</p> <p>13 Q Any reason to doubt that Anadarko had</p> <p>14 insurance that would cover the Firestone incident?</p> <p>15 A I don't have a view, it's not relevant to my 6:05PM</p> <p>16 opinion.</p> <p>17 Q So you're just assuming it would be -- it</p> <p>18 would have an impact on the future cash flows?</p> <p>19 A I'm saying that the market viewed this as</p> <p>20 negative value-relevant information as evidenced by 6:06PM</p> <p>21 the statistically significant declines.</p> <p>22 Q Well, if you read the analyst reports,</p> <p>23 then you would know also that analysts viewed the</p> <p>24 value implication as likely immaterial; right?</p> <p>25 A There is a mix of analyst coverage. It's 6:06PM</p> <p style="text-align: right;">Page 150</p>	<p>1 the -- it would be the third or fourth sentence in 6:08PM</p> <p>2 this report that says, "the value implication</p> <p>3 directly associated with the shut-in production and</p> <p>4 any physical remediation is likely" --</p> <p>5 A Is it the third paragraph? 6:08PM</p> <p>6 Q No, I'm sorry, it's the first paragraph.</p> <p>7 A Okay. Yes.</p> <p>8 Q So you see that?</p> <p>9 A I'm reading the paragraph now, give me a</p> <p>10 second. 6:08PM</p> <p>11 Q Okay.</p> <p>12 A I was reading the first bullet, sorry, I</p> <p>13 have to start over.</p> <p>14 Q That's okay. Yes. It's under the heading</p> <p>15 "Residential Explosion." 6:09PM</p> <p>16 A I see it.</p> <p>17 Q So you see the reference to immaterial?</p> <p>18 A Yes, I see that full sentence.</p> <p>19 Q Okay. And also it says on April 27th,</p> <p>20 "the market likely overreacted to the tangible value 6:09PM</p> <p>21 implication of the incident today."</p> <p>22 A Yes.</p> <p>23 Q Okay. Anadarko also said that any</p> <p>24 liability would be immaterial; correct?</p> <p>25 A I don't remember that specific language. I 6:09PM</p> <p style="text-align: right;">Page 152</p>
<p>1 certainly a subject of discussion. 6:06PM</p> <p>2 At the end of the day, this group of</p> <p>3 companies, the Colorado companies, did experience</p> <p>4 statistically significant negative residuals in</p> <p>5 conjunction with this information. 6:06PM</p> <p>6 Q So you cited a report, an analyst report</p> <p>7 from Evercore from -- in your report and cited some</p> <p>8 but not all of it.</p> <p>9 Do you have any reason to dispute that</p> <p>10 Evercore said that the value implication directly 6:07PM</p> <p>11 associated was likely immaterial for Anadarko?</p> <p>12 A You have to show me the report to refresh my</p> <p>13 recollection. There's over a thousand reports. So</p> <p>14 you would have to show it to me to refresh my</p> <p>15 recollection. 6:07PM</p> <p>16 MS. JENSEN: Okay. So I just marked as</p> <p>17 Exhibit 524 a document that bears the Bates stamp</p> <p>18 APC-01334718.</p> <p>19 (Whereupon, Exhibit 524 was marked for</p> <p>20 identification.) 1:33PM</p> <p>21 BY MS. JENSEN:</p> <p>22 Q This is an Evercore analyst report that</p> <p>23 you cite in your report, April 27th, 2017.</p> <p>24 A Yes, I see that.</p> <p>25 Q So you quote some of this report but not 6:08PM</p> <p style="text-align: right;">Page 151</p>	<p>1 would have to -- you know, obviously they released a 6:09PM</p> <p>2 press release talking about cooperating and doing</p> <p>3 what's necessary, including earlier that is their</p> <p>4 actions with respect to the wells.</p> <p>5 Q So I'm actually referring to their 10-Q. 6:10PM</p> <p>6 Did you look at any of their SEC filings on this?</p> <p>7 A I did.</p> <p>8 Q You did?</p> <p>9 A I did.</p> <p>10 Q Okay. And so do you cite them in your 6:10PM</p> <p>11 report?</p> <p>12 A Do I cite them in my report? If we're</p> <p>13 talking about the 4:16 filing of the 10-Q, is that</p> <p>14 what we're referring to?</p> <p>15 Q I'm actually talking about the 10-Q that 6:10PM</p> <p>16 they issued after the explosion, so the next</p> <p>17 quarterly report.</p> <p>18 A I looked at a lot of 10-Qs, I don't have a</p> <p>19 specific recollection.</p> <p>20 Q Okay. 6:10PM</p> <p>21 MS. ROSENBERG: You're referring, Rachel,</p> <p>22 to the 10-Q after the class period?</p> <p>23 MS. JENSEN: I'm talking about the form</p> <p>24 10-Q where they reported that there were no new</p> <p>25 material contingencies after the Firestone 6:11PM</p> <p style="text-align: right;">Page 153</p>

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<p>1 explosion. 6:11PM</p> <p>2 Q Did you look at that?</p> <p>3 A You have to show me the document. What date</p> <p>4 is that released?</p> <p>5 Q It's on July 24th, 2017. 6:11PM</p> <p>6 A So after the class period?</p> <p>7 Q Yes.</p> <p>8 A I don't believe that's on my -- it postdates</p> <p>9 the class period, so obviously the market would not</p> <p>10 have access to that, or at least to that particular 6:11PM</p> <p>11 disclosure.</p> <p>12 I have the 10-Q -- looking at my</p> <p>13 Appendix 2, I have the 10-Q from -- that's filed</p> <p>14 March 31st, 2017 -- I'm sorry, yes. The 10-Q listed</p> <p>15 on my Appendix 2 of this report is -- that's the 6:11PM</p> <p>16 last 10-Q.</p> <p>17 Q Okay. So this is the 10-Q that was filed</p> <p>18 on July 24th, 2017. And you should be able to see</p> <p>19 it now, it's Exhibit 525.</p> <p>20 (Whereupon, Exhibit 525 was marked for 6:12PM</p> <p>21 identification.)</p> <p>22 THE WITNESS: Maybe I need to refresh.</p> <p>23 I have it.</p> <p>24 MS. JENSEN: Lynne, this is one that</p> <p>25 you'll also need to put the stamp on. 6:12PM</p> <p style="text-align: right;">Page 154</p>	<p>1 Q Okay. I'm just asking you to confirm that 6:14PM</p> <p>2 the company said there were no material matters that</p> <p>3 have arisen since the Form 10-K?</p> <p>4 A Yes.</p> <p>5 Q Okay. You can also turn to Page 49. Do 6:14PM</p> <p>6 you see under Item 1, "Legal Proceedings"?</p> <p>7 A Yes, I do.</p> <p>8 Q Okay. And you see it's the seventh line</p> <p>9 in the first paragraph, reading an excerpt,</p> <p>10 "management believes that the resolution of pending 6:15PM</p> <p>11 proceedings will not have a material adverse effect</p> <p>12 on the Company's financial condition, results of</p> <p>13 operations, or cash flows."</p> <p>14 A Is this in the first paragraph?</p> <p>15 Q Yes, I mean that's just part of it, 6:15PM</p> <p>16 there's actually a number of different --</p> <p>17 A I see where you're looking.</p> <p>18 Q Do you see where --</p> <p>19 A I see it.</p> <p>20 Q You see that there, where the company said 6:15PM</p> <p>21 they didn't believe that any of the pending</p> <p>22 proceedings would have a material adverse effect?</p> <p>23 A I see that language.</p> <p>24 Q Now, some of the information that came out</p> <p>25 of the fire department's investigation was positive 6:16PM</p> <p style="text-align: right;">Page 156</p>
<p>1 Q This is Anadarko's July 24, 2017 10-Q 6:12PM</p> <p>2 which is for Q2 2017.</p> <p>3 A I have it up.</p> <p>4 Q So if you turn to what's Page 24 on the</p> <p>5 PDF. 6:13PM</p> <p>6 A Okay.</p> <p>7 Q And it states here, "There are no material</p> <p>8 developments in previously reported contingencies</p> <p>9 nor are there any other material matters that have</p> <p>10 arisen since the filing of the Company's Annual 6:13PM</p> <p>11 Report on Form 10-K for the year ended December" --</p> <p>12 A I'm sorry, I'm not seeing it. So page 24 at</p> <p>13 the bottom? I see noncontrolling interests. Am I at</p> <p>14 the wrong place?</p> <p>15 Q Yes, I'm looking at contingencies. It's 6:13PM</p> <p>16 kind of odd -- well, maybe not odd, but on the PDF,</p> <p>17 it's Page 24, but then if you look at the page</p> <p>18 number of the document, it appears to be 22.</p> <p>19 I mean, but the page number is very high</p> <p>20 up on the page. 6:14PM</p> <p>21 So it must be just a partial page.</p> <p>22 A So it's the contingency part of the 10-Q?</p> <p>23 Q Yes.</p> <p>24 A All right. That's Note 10. It looks like</p> <p>25 it's on Page 22. Yes, I'm there. 6:14PM</p> <p style="text-align: right;">Page 155</p>	<p>1 for the company; right? 6:16PM</p> <p>2 A I'm not sure what you have in mind.</p> <p>3 Q Sure. So let me be more specific.</p> <p>4 So they said, for example, that no -- none</p> <p>5 of the adjacent homes were in danger as a result of 6:16PM</p> <p>6 the severed line?</p> <p>7 A That's consistent with my general memory.</p> <p>8 Q Yes. That was a positive because it</p> <p>9 limited the exposure to that one home?</p> <p>10 A It would be positive in the sense that other 6:17PM</p> <p>11 people are probably are not going to get hurt. I'm</p> <p>12 not sure if it changes the overall valuation effects</p> <p>13 in the marketplace.</p> <p>14 Q The severed line that caused the Firestone</p> <p>15 explosion at the well, was it at the well or in the 6:17PM</p> <p>16 property?</p> <p>17 A Oh, what is the question again?</p> <p>18 Q Was the severed line at the well or the</p> <p>19 property?</p> <p>20 A I thought there was discussion of something 6:17PM</p> <p>21 being moved and then it getting severed. Hold on a</p> <p>22 second. Let me pull it out.</p> <p>23 Q It was very close to that particular</p> <p>24 property; correct?</p> <p>25 A It says in Footnote 24 that a black plastic 6:17PM</p> <p style="text-align: right;">Page 157</p>

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<p>1 pipeline near the house had been cut when a tank 6:17PM 2 battery was moved. 3 Q Right. So it was near the home and not at 4 the well, so that would also be positive 5 information; correct? 6:18PM 6 A I don't know how positive that is. Somebody 7 died. But I'm not sure why that would be positive, 8 but that is what the fire investigator said. 9 Q How many analyst reports discussed 10 potential liability as a result of the linkage 6:18PM 11 between the Firestone explosion and the Anadarko 12 well as being material? 13 A It's potential liability. I don't recall 14 one offhand. 15 Q That's part of your standard analysis of 6:18PM 16 materiality; right? 17 MS. ROSENBERG: Objection to form. 18 THE WITNESS: I don't do materiality. 19 BY MS. JENSEN: 20 Q And how many analyst reports lowered 6:18PM 21 Anadarko's price target as a result of the linkage 22 between the Firestone explosion and the Anadarko 23 well? 24 A I'm not aware of any offhand that reduced 25 the price target on May 3rd or the immediate 6:19PM Page 158</p>	<p>1 largest oil and gas producer in Colorado at the time. 6:20PM 2 Q So largest oil producer, do you analyze 3 what percentage of Anadarko's operations were 4 impacted versus the other companies? 5 A No. I obviously read analyst reports 6:20PM 6 covering all of these companies and talking about the 7 basin and the effect of that but I did not quantify 8 that but rather asked the question what did the market 9 think. 10 Q Do you consider that Anadarko is a 6:21PM 11 well-diversified global producer? 12 A I do think, as I described in the opening of 13 my reports, that they have operations in lots of 14 places. 15 Q Do you agree with defendants' other expert 6:21PM 16 in this case, his name is Mr. Keller, that Anadarko 17 had a large and diversified asset base? 18 A Again, I think that's consistent with the 19 description -- I can't remember whether it's in this 20 report or my opening report -- of the operations they 6:21PM 21 had in a variety of places. 22 Q So from an economic standpoint, 23 diversification is the equivalent to the adage don't 24 put all your eggs in one basket; right? 25 A You know, it depends on how you define the 6:22PM Page 160</p>
<p>1 aftermath. 6:19PM 2 Q Did you perform any economic analysis to 3 determine whether the confirmation of the linkage 4 between the well and Anadarko was value-relevant new 5 information that impacted cash flows? 6:19PM 6 A I notice that in your question, you built in 7 an assumption -- 8 MS. ROSENBERG: Objection, form. 9 THE WITNESS: -- or a predicate, which is 10 the confirmation. I would frame it the way I did 6:19PM 11 earlier, which is the cause was disclosed after 12 market on May 2nd. 13 Yes, I did do standard economic analysis, 14 which is what did these group of firms, the firms 15 with economic exposure to Colorado, what happened to 6:19PM 16 them in the marketplace when this negative 17 information came out and, in fact, they all declined 18 in a statistically significant way. 19 So in my view that's very powerful 20 evidence that the market didn't like this. 6:20PM 21 Q Now, is it your opinion that Anadarko had 22 greater exposure than the Colorado Peer Group? 23 A I didn't say that. 24 Q Is it your opinion or no? 25 A No. My opinion is that Anadarko was the 6:20PM Page 159</p>	<p>1 basket. These are oil and gas. It will be exposed in 6:22PM 2 that way. But you're in a different location, it's 3 not exposed in that way. 4 So, yes, it's diversified in some ways and 5 not in other ways. 6:22PM 6 Q In other words, if you drop the basket -- 7 maybe I'm straining the metaphor here. But if you 8 drop the Colorado basket, you haven't broken all 9 your eggs; right? 10 A That's fair. 6:22PM 11 Q And so Anadarko had a large diversified 12 asset base across the world, if something happened 13 in one place, here, Colorado, it would have a lesser 14 impact than a company who had all their baskets -- 15 all their eggs -- now I've really messed that up 6:22PM 16 metaphor -- all their eggs in the Colorado basket? 17 A I think that's right, holding constant 18 everything else. So, for example, who is responsible 19 for the accident. 20 So holding all else equal, I agree with 6:22PM 21 that. 22 Q Did you look to see that the other 23 companies -- I believe you already testified that 24 you did not do this analysis. But I just want to 25 make sure that I have got this right. 6:23PM Page 161</p>

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<p>1 What percentage of the other Colorado peer 6:23PM 2 groups operations were in Colorado? 3 A So just give me a second here. Let me make 4 sure I have the right page. 5 So I did not do a quantification of the 6:23PM 6 distribution of oil and gas assets across these 7 companies. Obviously this is something that is 8 talked about in analyst reports including for 9 Anadarko. 10 So, no, I don't have a hidden analysis 6:24PM 11 that I didn't provide in my report. 12 Q Okay. You have no reason to doubt that 13 Extraction Oil & Gas had disclosed in its SEC 14 filings prior to this that substantially all of our 15 producing properties are geographically concentrated 6:24PM 16 in the DJ basin of Colorado? 17 A I have no reason to dispute that. 18 Q Also, the company is much smaller than 19 Anadarko was at the time; correct? 20 A So just give me a second here. 6:24PM 21 So in my analysis of market efficiency, I 22 have the market caps for these different companies, 23 I would just reference that. 24 I do think it's accurate that they are 25 smaller as we look at the market capitalization row, 6:25PM Page 162</p>	<p>1 A I would have no basis to disagree. 6:27PM 2 Q Okay. And its market cap was around 3 1.5 billion? 4 A Which paragraph was that? 5 Q That was -- I hope I didn't say the wrong 6:27PM 6 number -- SRC Energy. 7 A Yes, I mean they are 2 billion or lower. 8 Q Right. Yeah, I got it, 607 million to 9 2 billion. 10 Also PDC Energy, prior to this occurring, 6:27PM 11 had disclosed to their investors that a substantial 12 part of their operations were in the Wattenberg 13 field, making the company vulnerable to risks 14 associated with operating primarily in a single 15 geographic area? 6:27PM 16 A I have no basis to disagree. 17 Q Okay. And again, also much smaller than 18 Anadarko. 19 Noble Energy also had substantial 20 operations in the DJ basin? 6:28PM 21 A I believe that's right. They tend to be a 22 bigger company relative to these other ones. 23 Q Right. But was less geographically 24 diversified than Anadarko? 25 A I would have no basis to disagree. 6:28PM Page 164</p>
<p>1 Row 7 of that exhibit. 6:25PM 2 Q Okay. Could you just identify for the 3 record where you're talking about in your report? 4 A Yes. So it's right after Appendix 3-3. So 5 unfortunately -- I'm sorry, 4. So I think it's 6:25PM 6 Appendix 3-4, I believe. 7 Q Okay. So it does have the market cap, 8 okay. 9 So Anadarko at the time was 15 to 10 50 billion versus the others were anywhere from 6:25PM 11 607 million to -- I'm seeing up to -- so all of them 12 are smaller, okay. 13 But in any event, your chart reflects the 14 market cap at the time for the other companies? 15 A Yes. 6:26PM 16 Q Okay. All right. Now, with SRC Energy, 17 do you have any reason to doubt that like Extraction 18 Oil & Gas, they had disclosed to investors prior to 19 this occurring that substantially all of our 20 producing properties are located in the DJ basin in 6:26PM 21 Colorado? 22 A I have no particular reason to disagree. 23 Q And they go on to warn their investors 24 that they are disproportionately exposed to 25 government regulation in Colorado? 6:27PM Page 163</p>	<p>1 Q So given that all the other companies in 6:28PM 2 the Colorado Peer Group had much greater exposure to 3 Colorado, the impact of the Colorado regulatory 4 concerns would be much less on Anadarko than the 5 other companies; right? 6:28PM 6 A It's possible. Although, again, it depends 7 on how the market views how Anadarko is going to be 8 treated relative to others given its role in the 9 incident. 10 So it would be a question for the market 6:28PM 11 to value and that's why it's so helpful to have the 12 event study. 13 Q So -- but just a matter of common sense, 14 if not economic sense, right, that if there's less 15 exposure, there'd likely to be less impact? 6:29PM 16 MS. ROSENBERG: Objection to form. 17 THE WITNESS: I would say it depends, what 18 type of wells, how is that going to be impacted by 19 the regulation, what is Anadarko's role and what 20 effect does that have on how it's going to be 6:29PM 21 treated regulatorily. 22 So, again, all these things would have to 23 be valued by the market and that's why it's so 24 helpful to have an event study. 25 Page 165</p>

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<p>1 BY MS. JENSEN: 6:29PM</p> <p>2 Q You didn't perform economic analysis to</p> <p>3 demonstrate that the impacts would be greater or</p> <p>4 less?</p> <p>5 A I did. So the event study shows that it's 6:29PM</p> <p>6 negative eight -- let me just go to the paper. I</p> <p>7 would just reference my event study results. That's</p> <p>8 the market's view of the valuation effect.</p> <p>9 Q And it's your view that that entire drop</p> <p>10 was about the regulatory concerns in Colorado? 6:30PM</p> <p>11 A No, not quite. As I said before, I'm not</p> <p>12 aware of other firm-specific news for this peer group,</p> <p>13 these four. I'm not aware of any.</p> <p>14 And so the commonality of the stock drop</p> <p>15 is powerful economic evidence in my view that the 6:30PM</p> <p>16 market viewed, for these companies, this information</p> <p>17 in a very negative way.</p> <p>18 And its regulation, it could be</p> <p>19 reputation, it could be any number of things that</p> <p>20 the market is valuing in how it updates the market 6:30PM</p> <p>21 value of these particular companies.</p> <p>22 Q Okay. So all the Colorado operators had a</p> <p>23 statistically significant price decline on May 3rd,</p> <p>24 2017; right?</p> <p>25 A Yes. Let me go to my table. 6:30PM</p> <p style="text-align: right;">Page 166</p>	<p>1 MS. ROSENBERG: Objection, form. 6:32PM</p> <p>2 THE WITNESS: I actually think it's</p> <p>3 negative 7.42 but --</p> <p>4 BY MS. JENSEN:</p> <p>5 Q Apologies. 6:32PM</p> <p>6 A Yes, the T-statistics are different, it</p> <p>7 doesn't -- it's completely irrelevant.</p> <p>8 Q And why do you say it's irrelevant?</p> <p>9 A Because all of them meet the standard -- and</p> <p>10 I think Mr. Steinholt agrees with me the standard 6:33PM</p> <p>11 statistical threshold of absolute value of 1.96.</p> <p>12 Q Okay. So your view is that the</p> <p>13 T-statistic is completely irrelevant to the economic</p> <p>14 analysis; is that right?</p> <p>15 A I did not say that. I said what's relevant 6:33PM</p> <p>16 to the economic analysis is that the absolute value of</p> <p>17 the T-statistics for all five of these companies</p> <p>18 exceeds the statistical threshold of the absolute</p> <p>19 value exceeding the -- the absolute value of which</p> <p>20 exceeds 1.96. 6:33PM</p> <p>21 Q When I said, so your view is that the</p> <p>22 T-statistic is completely irrelevant, why did you</p> <p>23 disagree?</p> <p>24 A Because I do look at the T-statistics to see</p> <p>25 whether it meets that statistical threshold, so it is 6:33PM</p> <p style="text-align: right;">Page 168</p>
<p>1 Q Okay. 6:30PM</p> <p>2 A Let me make sure we're all on the same page</p> <p>3 here.</p> <p>4 I'm on Table -- I would go to Table 2 on</p> <p>5 Page 28. 6:31PM</p> <p>6 Q Okay. So Table 2, okay. We're on the</p> <p>7 same page literally.</p> <p>8 Okay. So the measure of the statistical</p> <p>9 significance is called a T-statistic; right?</p> <p>10 A Yes. 6:31PM</p> <p>11 Q And if you look at your Table 2, all of</p> <p>12 the Colorado operators other than Anadarko had a</p> <p>13 T-statistic of three-point something; correct?</p> <p>14 A Yes.</p> <p>15 Q And so that's common to all of the 6:32PM</p> <p>16 Colorado Peer Group?</p> <p>17 A Yes, and in my view the only thing that's</p> <p>18 relevant is that it exceeds the absolute value 1.96.</p> <p>19 Q But again, they all similarly have a</p> <p>20 T-statistic of three something? 6:32PM</p> <p>21 A Sure.</p> <p>22 Q Okay. However, Anadarko's T-statistic is</p> <p>23 7.42, which is significantly greater than the other</p> <p>24 companies that had a T-statistic of three-point</p> <p>25 something; right? 6:32PM</p> <p style="text-align: right;">Page 167</p>	<p>1 relevant for that. 6:34PM</p> <p>2 Q And it could be relevant to the level of</p> <p>3 confidence as well; right?</p> <p>4 A Well, different T-stats will have different</p> <p>5 levels of confidence. But again, in a statistical 6:34PM</p> <p>6 enterprise or test, you need to have a test with</p> <p>7 statistical significance, the standard test is</p> <p>8 5 percent.</p> <p>9 MS. JENSEN: Okay. Let's take a quick</p> <p>10 break. 6:34PM</p> <p>11 THE WITNESS: Sure.</p> <p>12 THE VIDEOGRAPHER: We're off the record.</p> <p>13 It's 6:34 p.m.</p> <p>14 (Recess taken.)</p> <p>15 THE VIDEOGRAPHER: Back on the record. 6:53PM</p> <p>16 It's 6:53 p.m.</p> <p>17 BY MS. JENSEN:</p> <p>18 Q Welcome back, Dr. Ferrell.</p> <p>19 In your opinion, did the suspension of</p> <p>20 Shenandoah and associated write-down have zero 6:53PM</p> <p>21 impact on the company's expected future cash flows?</p> <p>22 A I'm not looking at it through the cash flows</p> <p>23 but rather the market valuation, which would</p> <p>24 incorporate the market's view as to cash flows.</p> <p>25 Q Okay. So you're not looking at it from a 6:53PM</p> <p style="text-align: right;">Page 169</p>

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<p>1 cash flow perspective? 6:54PM</p> <p>2 A I would not say that. I would say in an</p> <p>3 efficient market, the market prices all value-relevant</p> <p>4 information. Value-relevant information, that is</p> <p>5 public. And value-relevant information would include 6:54PM</p> <p>6 information that changes the market's view as to cash</p> <p>7 flows.</p> <p>8 Q Okay. And so if market participants,</p> <p>9 their views changed as to future cash flows</p> <p>10 following the announcement of the suspension of 6:54PM</p> <p>11 appraisal activities at Shenandoah and associated</p> <p>12 write-down, then that would indicate there was an</p> <p>13 impact?</p> <p>14 A So the question is the market, which is the</p> <p>15 consensus view of the market actors, views the cash 6:55PM</p> <p>16 flows, for example, being significantly altered as a</p> <p>17 result of a disclosure, then the market price will</p> <p>18 change accordingly. So, again, it's the consensus</p> <p>19 market view as to the value implications, if any, of a</p> <p>20 particular disclosure. 6:55PM</p> <p>21 Q Okay. So -- I just want to make sure I</p> <p>22 understand your position.</p> <p>23 So you're not taking a position one way or</p> <p>24 the other whether the 902 million-dollar write-down</p> <p>25 of Shenandoah had implication for Anadarko's future 6:55PM</p> <p style="text-align: right;">Page 170</p>	<p>1 at in your report? 6:57PM</p> <p>2 A I'm not trying to avoid the question, but</p> <p>3 it's the entirety of my economic analysis, including</p> <p>4 but not limited to the event study analyses with</p> <p>5 respect to May 3rd. 6:57PM</p> <p>6 Q So when you say the event study analysis</p> <p>7 with respect to May 3rd, you're talking about the</p> <p>8 analysis of the Colorado Peer Group companies?</p> <p>9 A And also my Cobalt and Conoco analysis as</p> <p>10 well. But that's not the entirety of my analysis. I 6:57PM</p> <p>11 would incorporate in my answer the entirety of my</p> <p>12 economic analysis.</p> <p>13 Q Let's turn to the Cobalt -- your analysis</p> <p>14 of Cobalt. So if the suspension of the Shenandoah</p> <p>15 was not new value-relevant information, why would 6:58PM</p> <p>16 analysts use it to reduce Cobalt's value?</p> <p>17 A There is, I agree, a -- the dollar amount is</p> <p>18 small. I think if you gross it up, it's like</p> <p>19 \$31 million. So it's a small dollar drop but it is a</p> <p>20 statistically significant negative residual. And so 6:58PM</p> <p>21 here I would reference Table 1 on Page 16.</p> <p>22 Q So given that there was a statistically</p> <p>23 significant negative residual, that indicates it was</p> <p>24 new value-relevant information; correct?</p> <p>25 A It would indicate that for Cobalt, given its 6:58PM</p> <p style="text-align: right;">Page 172</p>
<p>1 cash flows? 6:55PM</p> <p>2 A Well, I'm taking a position that the market</p> <p>3 did not view that disclosure as changing its view as</p> <p>4 to the market view of Anadarko.</p> <p>5 I also have a discussion of accounting and 6:56PM</p> <p>6 accounting is not cash flows, or at least it's not</p> <p>7 future cash flows.</p> <p>8 So I definitely have a discussion of why</p> <p>9 it is that the market would not view an accounting</p> <p>10 issue as changing its perception of the value of the 6:56PM</p> <p>11 company.</p> <p>12 Q The basis for your position about what the</p> <p>13 market viewed the disclosure as -- is contained in</p> <p>14 your report here of January 25th, 2023?</p> <p>15 A Yes, I do incorporate by reference my 6:56PM</p> <p>16 earlier reports.</p> <p>17 Q But the -- in your January 25th, 2023, are</p> <p>18 there certain paragraphs where you set forth the</p> <p>19 basis of this opinion?</p> <p>20 A Yes, it's the entirety of the report that's 6:57PM</p> <p>21 assessing Mr. Steinholt's analysis and my view of the</p> <p>22 economic evidence.</p> <p>23 Q But where is your view of the economic</p> <p>24 evidence? And now I'm talking about the disclosure.</p> <p>25 Is it contained in one central place that I can look 6:57PM</p> <p style="text-align: right;">Page 171</p>	<p>1 situation and its very modest market capitalization, I 6:58PM</p> <p>2 think 167 million, that it did -- it is associated</p> <p>3 with a statistically significant price drop again. If</p> <p>4 you gross it up to the 33 percent, it's something --</p> <p>5 it's somewhere in the order of \$31 million. 6:59PM</p> <p>6 Q Therefore, given the efficient market,</p> <p>7 then the information you would agree is new;</p> <p>8 correct?</p> <p>9 A Yes. So some of the disclosures that we've</p> <p>10 been talking about on May 2nd is new information, not 6:59PM</p> <p>11 the dry hole but yes, there is new information.</p> <p>12 Q Okay. So the new information again being</p> <p>13 suspension of appraisal activities and the</p> <p>14 write-down of Shenandoah; correct?</p> <p>15 A Yes, and the -- I just want to be clear, the 6:59PM</p> <p>16 earlier disclosure of May 2nd concerns the dry hole</p> <p>17 and the dry hole expense.</p> <p>18 Q So we've talked about Cobalt just a little</p> <p>19 bit. The issue regarding ConocoPhillips relates to</p> <p>20 whether the impact on ConocoPhillips was large 7:00PM</p> <p>21 enough to be statistically significant, which it's</p> <p>22 not; right?</p> <p>23 A Yes. So the stock price on Conoco went</p> <p>24 actually up on May 3rd. Statistically, that increase</p> <p>25 in the stock price is statistically indistinguishable 7:00PM</p> <p style="text-align: right;">Page 173</p>

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1 from zero. 7:00PM	1 recollection. Hang on a second here. 7:04PM
2 Q Give me one moment here.	2 I'm not going to do this all from memory.
3 So for purposes of the T-statistic for it	3 But the basis of my statement is I was not able to
4 to be statistically significance, it has to be 1.96	4 find any confounding news.
5 or greater? 7:01PM	5 Q Right. I'm just asking -- and it sounds 7:05PM
6 A Absolute value, yes.	6 like you're confirming that there were analyst
7 Q For ConocoPhillips to meet the benchmark	7 reports during that same time frame?
8 mark for statistical significance, it has to be more	8 A That's consistent with any memory. But
9 than 2.17 percent; is that right?	9 again, there are so many analyst reports in this case,
10 A Maybe 2.18 percent. It would basically be 7:01PM	10 I would need to take a look to refresh my 7:05PM
11 the standard error, the regression times your standard	11 recollection.
12 for statistical significance.	12 Q So sitting here right now, you don't know
13 Q The standard error for the ConocoPhillips	13 how many analyst reports were issued about
14 event study is roughly 1.11 percent?	14 ConocoPhillips in that same time period?
15 A I don't have -- I didn't memorize it. That 7:01PM	15 A No, I have not memorized the wording of 7:05PM
16 might be right. I mean, you can easily back it out of	16 analyst reports, you know, they obviously say what
17 the ratio.	17 they say.
18 Q The abnormal return for ConocoPhillips was	18 Q Right. Did you review the 29-page Barclay
19 positive; right?	19 report on May 3rd to look for potentially
20 A Yes. 7:02PM	20 confounding information? 7:05PM
21 Q So -- but it's fair to say there was	21 A I don't recall that specifically. If it's
22 positive information relating to ConocoPhillips on	22 on my list, I did, but I don't have a specific
23 May 3rd that increased -- that explained the	23 recollection.
24 increase in ConocoPhillips's stock price?	24 As I said, there's well over a thousand
25 A No, no. Because as I said, that abnormal 7:02PM	25 analyst reports in this matter. But I don't, to 7:06PM
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1 return, the 71 basis points, as you can see in 7:02PM	1 your question, have a specific recollection. 7:06PM
2 Table 1, is statistically indistinguishable from zero.	2 Q Right. Did any analysts increase their
3 Q But on an absolute basis, it's positive;	3 earnings per share estimate on May 3rd for
4 right?	4 ConocoPhillips?
5 A Yes, but statistically it's 7:02PM	5 A I don't have that memorized. I don't know 7:06PM
6 indistinguishable from zero.	6 offhand.
7 Q What did you do to determine that there	7 Q Hillyard Lynn did; right?
8 was no new information disclosed on May 3rd	8 A I'm sorry?
9 regarding ConocoPhillips?	9 Q Hillyard Lynn did; correct?
10 A Give me a minute here. 7:03PM	10 A I'm sorry, I'm not understanding. 7:06PM
11 I have the wrong part of my report, I'm	11 Q Hillyard Lynn, are you familiar with
12 sorry.	12 Hillyard Lynn?
13 Q That's okay. Take your time.	13 A Is this a question have I read the report?
14 A So it's Paragraph 29 and Footnote 60 in	14 Q Yes.
15 particular, Page 15. 7:04PM	15 A I don't have a specific recollection. 7:06PM
16 Q So you searched all news on the Factiva	16 There's so many analysts and commentary that I would
17 and Bloomberg's databases; is that right?	17 have to see it to refresh my recollection.
18 A Yes.	18 Q An analyst increase in earnings per share
19 Q Did you do anything else?	19 would be positive confounding information; correct?
20 A That -- no, that's my answer. 7:04PM	20 A Not per se. I would want to take a look 7:06PM
21 Q Were there any analyst reports issued	21 at -- obviously you want to consider analyst reports.
22 about ConocoPhillips after the market closed on	22 There's nothing wrong with looking at
23 May 2nd through the close on May 3rd, 2017?	23 analyst reports, but would you want to think about
24 A I'm sure there were, but there's so many	24 the totality, the total mix of information, event
25 analyst reports, you would have to refresh my 7:04PM	25 study results and so forth before performing -- in 7:07PM
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<p>1 making that assessment. 7:07PM</p> <p>2 Q Right. And you would not be able to</p> <p>3 assess it if you didn't analyze the analyst reports;</p> <p>4 right?</p> <p>5 A Well -- 7:07PM</p> <p>6 MS. ROSENBERG: Objection.</p> <p>7 THE WITNESS: If I didn't read it,</p> <p>8 obviously I didn't read it. Again, I don't have a</p> <p>9 specific recollection either way.</p> <p>10 I would have to go through my -- the 7:07PM</p> <p>11 thousands plus analyst reports in my initial report</p> <p>12 and the ones listed here.</p> <p>13 If it's not on the list, then I've not</p> <p>14 reviewed it unless it's quoted or excerpted in some</p> <p>15 way in Mr. Steinholt's work. 7:07PM</p> <p>16 BY MS. JENSEN:</p> <p>17 Q Right. But generally, an analyst opinion</p> <p>18 sometimes provide new information that can result in</p> <p>19 a price reaction; right?</p> <p>20 A I guess it's theoretically possible. 7:07PM</p> <p>21 Normally, my general experience is analyst commentary</p> <p>22 can be helpful in explaining what folks are talking</p> <p>23 about in the marketplace or what are different market</p> <p>24 actors to use at different points in time.</p> <p>25 Q Are you aware of any academic research on 7:08PM</p> <p style="text-align: right;">Page 178</p>	<p>1 premium or attention given to the operator who 7:09PM</p> <p>2 controls the enterprise?</p> <p>3 A Well, there is a literature on the private</p> <p>4 benefits of control or control premium. None of that</p> <p>5 is applicable here. 7:10PM</p> <p>6 Q What research is that or what literature</p> <p>7 is that?</p> <p>8 A I don't have the articles memorized.</p> <p>9 There's -- oh, my friend Nusha Bachak has a famous</p> <p>10 paper on private benefits of control. So there's 7:10PM</p> <p>11 academic literature on, you know, if I have a position</p> <p>12 in a company or control position, I could divert</p> <p>13 benefits to myself at the expense of others.</p> <p>14 There is a famous paper, now that I am</p> <p>15 talking, by Sindal Malatharian who's at the 7:10PM</p> <p>16 University of Chicago now about diversion of cash</p> <p>17 flows in the Indian conglomerates.</p> <p>18 There's just lots of papers that talk</p> <p>19 about benefits of control in the sense of gathering</p> <p>20 in a disproportionate way cash flows to myself 7:11PM</p> <p>21 perhaps at the expense of others.</p> <p>22 Q And also --</p> <p>23 A There is a famous article on the</p> <p>24 non-pecuniary benefits of control of media companies</p> <p>25 by Demsetz and I think Ken Lehn. So there's lots of 7:11PM</p> <p style="text-align: right;">Page 180</p>
<p>1 this topic? 7:08PM</p> <p>2 A Yes. So I don't have the papers off the top</p> <p>3 of my head. There are papers that do find</p> <p>4 occasionally an analyst report that has some kind of</p> <p>5 new valuation or something that the market deems 7:08PM</p> <p>6 independently important can cause a price reaction.</p> <p>7 But again, generally my experience -- this</p> <p>8 is consistent with the academic literature. It's</p> <p>9 more about how is the market reacting to a</p> <p>10 disclosure that, you know, for example, the company 7:08PM</p> <p>11 made.</p> <p>12 Q Is it your opinion that the Shenandoah --</p> <p>13 sorry, the Shenandoah news after the market closed</p> <p>14 on May 2nd, 2017 would have the same or similar</p> <p>15 impact on ConocoPhillips as Anadarko? 7:09PM</p> <p>16 A No, I think -- I don't want to get these</p> <p>17 percentages wrong. Anadarko at that point I think had</p> <p>18 33 percent, if I remember correctly, Conoco had</p> <p>19 30 percent, if my memory serves me. So there was a</p> <p>20 little bit of difference in their cash flow position. 7:09PM</p> <p>21 Q And also Anadarko was the operator;</p> <p>22 correct?</p> <p>23 A Yes, but that doesn't affect my judgment as</p> <p>24 to the economics of the -- of having a position.</p> <p>25 Q So it's your opinion that there is no 7:09PM</p> <p style="text-align: right;">Page 179</p>	<p>1 papers on the private benefits and control, none of 7:11PM</p> <p>2 that is applicable here.</p> <p>3 Q And also with the operator -- strike that.</p> <p>4 And here Anadarko as the operator had more</p> <p>5 control over the decision-making; right? 7:11PM</p> <p>6 A That's my general understanding.</p> <p>7 Q So, for example, Anadarko made the</p> <p>8 decision to suspend appraisal activities at</p> <p>9 Shenandoah without telling any of its partners in</p> <p>10 advance; is that right? 7:12PM</p> <p>11 A That I don't know whether they told them or</p> <p>12 not. It's beyond my knowledge.</p> <p>13 Q You are aware, however, that</p> <p>14 ConocoPhillips amended its financials after Anadarko</p> <p>15 released its alleged corrective disclosure and it 7:12PM</p> <p>16 did so because of Anadarko's surprise announcement?</p> <p>17 A I don't know if there is an amendment of</p> <p>18 financials, but there is a Conoco disclosure on</p> <p>19 May 4th, that is true.</p> <p>20 Q In redaction to Anadarko's filing; 7:12PM</p> <p>21 correct?</p> <p>22 A I think -- you're really testing my memory</p> <p>23 of documents. I think on May 4th, there is a</p> <p>24 reference, as I remember -- the document speaks for</p> <p>25 itself -- referencing the earlier disclosure or in 7:12PM</p> <p style="text-align: right;">Page 181</p>

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<p>1 reaction or something like that. That's my 7:12PM 2 recollection as best I can remember. 3 Q And again, if we had the luxury of so many 4 hours, I would go through all these documents with 5 you, so I'm not trying to do a gotcha. 7:12PM 6 A I believe you. 7 Q I'm just trying to -- every exhibit adds 8 time, so just -- yes, thank you for believing me. 9 So you referenced earlier the difference 10 in the working interest between ConocoPhillips 7:13PM 11 versus Anadarko. So Anadarko owned 33 percent of 12 working interest versus ConocoPhillips owning 13 30 percent. 14 And so if we assume for sake of this 15 discussion that the impact on Anadarko was 7:13PM 16 1,075,000,000, the impact on ConocoPhillips would be 17 about 975 million; correct? 18 A I totally reject the 1.07 figure which I 19 know is from Steinholt. I think that's completely 20 erroneous. But, yes. So the effect, you would want 7:13PM 21 to adjust to reflect the 30 or the 33 percent. 22 Q But my numbers are right, I'm not asking 23 you to change your opinions in the case and all of a 24 sudden come around to praising Mr. Steinholt, I'm 25 just saying the numbers that I've just set forth are 7:14PM Page 182</p>	<p>1 I'm not going to agree to a calculation that I have 7:15PM 2 not verified. 3 Q And you haven't run this calculation? 4 A I did a calculation for Cobalt in my Daubert 5 opinion, so it would be a similar calculation. 7:15PM 6 Q But you haven't run it for ConocoPhillips? 7 A No. No. But again, it's simple arithmetic. 8 It would just be the way I did it for Cobalt in the 9 opposition, which would be doing the adjustment for 10 the interest and yes -- anyway. 7:15PM 11 Q Okay. In any event, I won't make you do 12 more calculations or pull out your iPhone. 13 But in light of the difference in the 14 working interest and the size of the companies, all 15 things equal, the impact would not be expected to be 7:16PM 16 the same on ConocoPhillips as to Anadarko; right? 17 A On a percentage basis or an absolute basis 18 or are we talking both? 19 Q I'm talking about statistical significance 20 really. 7:16PM 21 A Well, I mean, again, if the ownership 22 interest of Conoco is lower, which it is, then the 23 impact would be, you know, the difference between 33 24 and 30 percent, 1/11th, if you will. 25 And that would be the dollar impact and 7:16PM Page 184</p>
<p>1 correct; right? 7:14PM 2 A I can pull up my iPhone and put them in a 3 calculator, but I trust you can do arithmetic. 4 Q Given that ConocoPhillips had 5 1.237 billion shares outstanding, that would be 7:14PM 6 approximately an impact of 79 cents per share? 7 A I don't remember how many shares are 8 outstanding but you would -- 9 MS. ROSENBERG: Object to form. 10 THE WITNESS: Whatever your hypothetical 7:14PM 11 is you would adjust for the ownership share and then 12 if you wanted to normalize another share account, 13 you could do so. 14 BY MS. JENSEN: 15 Q In any event, it would all come out 7:14PM 16 essentially to a 1.69 percent change in the closing 17 price for ConocoPhillips, which would not be 18 statistically significant; right? 19 MS. ROSENBERG: Objection to form. 20 THE WITNESS: So you're asking me to agree 7:15PM 21 to a calculation. I'm not -- you know, I'm not 22 going to do -- 23 BY MS. JENSEN: 24 Q You haven't done -- 25 A There's a calculation that you can do, but 7:15PM Page 183</p>	<p>1 you could translate that into a return calculation 7:16PM 2 for the company, again, accepting a number that I 3 don't accept. 4 Q I understand. I'm just setting that aside 5 for now. Don't worry. 7:16PM 6 But -- and then also the market cap for 7 ConocoPhillips is much larger, so for purposes of 8 the analysis, it would also be expected to have a 9 lesser impact? 10 A On a percentage basis, I think that's right. 7:17PM 11 Q Now, the May 2nd, 2017 ConocoPhillips 12 disclosure, it did not disclose the amount of dry 13 hole expense relating to Shen 6; right? 14 A So are we talking about the May 6th? 15 Q May 2nd. 7:17PM 16 A May 2nd, okay. Sorry. 17 My memory is a dry hole of 100 and some 18 million, but I want to -- I don't want to 19 misremember here. Let me go to the report before I 20 discuss that. 7:17PM 21 Q So -- sure, that's fine. I believe the 22 statement was that there was a dry hole expense 23 including Shen 6, but it didn't break it out. 24 MS. ROSENBERG: Is that a question? 25 THE WITNESS: I'm going to pause and find 7:17PM Page 185</p>

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<p>1 the relevant part of my report. I'm sorry, give me 7:18PM 2 another minute.</p> <p>3 Thank you for your patience.</p> <p>4 BY MS. JENSEN:</p> <p>5 Q I found it -- 7:19PM 6 A Table 3, Paragraph 33 -- 7 Q Yes. 8 A My understanding is on the morning of 9 May 2nd, 2017, ConocoPhillips disclosed that, quote, 10 first quarter earnings were negatively impacted by 7:19PM 11 101 million of pretax dry hole expense, which includes 12 the Shenandoah 6 well in the Gulf of Mexico. 13 Q So it didn't break out what the expense 14 was for Shenandoah 6? 15 A That's the disclosure. 7:20PM 16 Q Right? I mean it says includes? 17 A It does say includes. 18 Q Okay. And it does not mention in that 19 disclosure the Shenandoah 6 sidetrack? 20 A I believe that's correct. 7:20PM 21 Q Was this the first time that Shenandoah 6 22 was reportedly dry or wet? 23 A I think there might -- I know that -- I am 24 trying to remember Mr. Steinholt that talks about this 25 or he says something -- let me see here. Hold on. 7:20PM Page 186</p>	<p>1 today it will take more than 70, most likely, before 7:22PM 2 we see greenfield projects in deepwater basins around 3 the world."</p> <p>4 So I guess -- and then Goldman says in 5 March of 2017 that Anadarko indicated that it was 7:22PM 6 unlikely to get approval at 50 to 55. 7 So that's -- that forms my understanding. 8 Q So that is the basis for your view. And I 9 think the record is the record on each of these 10 statements. 7:23PM 11 Okay. So the company never said at what 12 oil price it would write Shenandoah down; right? 13 A I don't recall seeing that. 14 Q And you're aware that there's other ways 15 of monetizing an oil prospect other than sanctioning 7:23PM 16 it for development? 17 A Monetize -- I mean, you could always sell an 18 asset, so I know that Cobalt was trying to, I believe 19 it was on the verge of bankruptcy, to do that is my 20 understanding. 7:23PM 21 Q ConocoPhillips had been trying to do so 22 since 2015 as well; right? 23 A That I don't recall. 24 Q ConocoPhillips had also said it was 25 exiting GoM deepwater back in 2015; right? 7:24PM Page 188</p>
<p>1 You have to refresh my recollection on 7:21PM 2 that.</p> <p>3 Q So I think the record will speak for 4 itself on that. But you're not saying that that's 5 the first time the Shen 6 being wet was reported? 7:21PM 6 A Correct. 7 Q Okay. During the class period, the 8 company never specified an oil price at which it 9 would sanction Shenandoah; right? 10 A My recollection is there is discussion of 7:21PM 11 \$70, there's also discussion of \$60. So let me go to 12 that part of my report. And it's really what's 13 reflected in Paragraph 35. 14 Let me see what is the most relevant. So 15 I would go to Page 20, the first bullet there, 7:22PM 16 April 12th, 2016, at least according to the 17 Wellington analyst, the operator, that is Anadarko, 18 is on record saying they wouldn't sanction 19 Shenandoah until oil was back in the 70s given where 20 costs are today. 7:22PM 21 I think that's probably most responsive to 22 your question. 23 Q This was in April 2016? 24 A Yes, and then there's one in November 2016 25 from the chairman of the company saying, "I do believe 7:22PM Page 187</p>	<p>1 A I do remember a statement at some point in 7:24PM 2 the record along those lines. That's my best 3 recollection. 4 Q So you have a statement in Paragraph 36, 5 Page 20 of your report that says, "oil prices, which 7:24PM 6 are observable, are a key factor." And it goes on. 7 I just want to zero in on the reference to 8 observable. What oil prices are you referring to 9 there? 10 A Particularly Figure 2. 7:24PM 11 Q Okay. And so for the record, what prices 12 are these? 13 A The WTI oil prices per barrel. 14 Q There is a reference to spot oil price? 15 A Yes. 7:24PM 16 Q And that wasn't how Anadarko was analyzing 17 Shenandoah; right? 18 A I don't think that's accurate. I think that 19 my memory of the record is Anadarko, in thinking about 20 sanctioning and where Shenandoah was, did reference in 7:25PM 21 that consideration or those statements the short-run 22 prices of the oil. 23 Q Anadarko was analyzing Shenandoah using 24 mid to long cycle oil prices; right? 25 A I don't know the answer to that. I would 7:25PM Page 189</p>

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<p>1 not -- I'm not saying they didn't. 7:25PM</p> <p>2 All I'm saying is they did reference, is</p> <p>3 my memory, Anadarko did reference to the market in</p> <p>4 its discussion of sanctioning did reference the</p> <p>5 current oil prices. 7:25PM</p> <p>6 Q Well, the record I think will stand for</p> <p>7 itself there.</p> <p>8 On Figure 2 there's also a reference to</p> <p>9 WTI futures oil price. How far into the future are</p> <p>10 those future prices that you cite in your Figure 2? 7:26PM</p> <p>11 A I believe five months.</p> <p>12 Q Five months?</p> <p>13 A Yes.</p> <p>14 Q And how far into the future would the oil</p> <p>15 from a potential Shenandoah field be sold? 7:26PM</p> <p>16 A If it was a long-winded project, it would be</p> <p>17 a significant number of years would be my assumption.</p> <p>18 Q And that oil price is not --</p> <p>19 A Including you not selling it, yes, and</p> <p>20 somebody else does it. 7:26PM</p> <p>21 Q That oil price is not observable; correct?</p> <p>22 A I think my memory is if you go out further,</p> <p>23 it gets less liquid is my memory of these futures.</p> <p>24 But again, the spot and the futures a few</p> <p>25 months out are consistent with, you know, where we 7:26PM</p> <p style="text-align: right;">Page 190</p>	<p>1 A I don't agree with that statement. 7:28PM</p> <p>2 Q But you would be looking at future prices;</p> <p>3 right?</p> <p>4 A Well, again, Anadarko is saying that -- and</p> <p>5 these analysts on Pages 19 and 20 are saying given 7:28PM</p> <p>6 where oil is today, it's unlikely to be sanctioned.</p> <p>7 Q Okay. Let's -- the record speaks for</p> <p>8 itself on that score.</p> <p>9 Okay. Let's turn to Page 22 of your</p> <p>10 report. 7:28PM</p> <p>11 A Yes.</p> <p>12 Q So you have a heading here that says</p> <p>13 Steinholt says Shenandoah's market value must be at</p> <p>14 least as much as its book value; right?</p> <p>15 A Yes. 7:29PM</p> <p>16 Q That's not true; right?</p> <p>17 A I don't agree with that.</p> <p>18 Q I mean, Mr. Steinholt didn't say that, did</p> <p>19 he?</p> <p>20 A That's my interpretation of when he says 7:29PM</p> <p>21 it's a conservative measure of value.</p> <p>22 Q Did you write that?</p> <p>23 A What's that?</p> <p>24 Q Did you write that?</p> <p>25 A So Paragraph -- no, what I just read is from 7:29PM</p> <p style="text-align: right;">Page 192</p>
<p>1 are today or in the near future in terms of the oil 7:26PM</p> <p>2 price situation.</p> <p>3 Q So you wouldn't think that Shenandoah</p> <p>4 would be sold prior to 2019, would you, at this</p> <p>5 time? 7:27PM</p> <p>6 MS. ROSENBERG: Objection, form.</p> <p>7 THE WITNESS: I don't have a view on that.</p> <p>8 BY MS. JENSEN:</p> <p>9 Q Are you aware that the Brent oil prices</p> <p>10 were 80 or above for 2019? 7:27PM</p> <p>11 MS. ROSENBERG: Objection.</p> <p>12 THE WITNESS: In 2019? So this is way</p> <p>13 after the class period. I don't know that offhand.</p> <p>14 I do know that looking at my figure for</p> <p>15 WTI, it is above, you know, as we go out, there was 7:27PM</p> <p>16 a brief moment where it is above 70.</p> <p>17 BY MS. JENSEN:</p> <p>18 Q Sitting here you're not aware of what oil</p> <p>19 price Anadarko used internally to analyze the</p> <p>20 commerciality of the Shen project; right? 7:27PM</p> <p>21 A Correct, I'm relying on my understanding of</p> <p>22 what Anadarko told the market.</p> <p>23 Q Again, existing oil prices or spot prices</p> <p>24 wouldn't be relevant to oil that wouldn't be sold</p> <p>25 for years; right? 7:28PM</p> <p style="text-align: right;">Page 191</p>	<p>1 his report. 7:29PM</p> <p>2 Q So I'm talking about the heading, did you</p> <p>3 write that heading?</p> <p>4 A Yes. I remember having a discussion about</p> <p>5 this conservative measure of value and his use of the 7:29PM</p> <p>6 book value.</p> <p>7 Q Did investors generally value Anadarko</p> <p>8 higher than the book value of its reported net</p> <p>9 assets?</p> <p>10 A I'm sorry, could you repeat that question? 7:30PM</p> <p>11 Q Did investors generally value Anadarko</p> <p>12 higher than the book value of its reported net</p> <p>13 assets?</p> <p>14 A I do believe -- my memory is there are times</p> <p>15 that the overall book value was lower than the market 7:30PM</p> <p>16 price for the entirety of the entity. Hold on one</p> <p>17 second. I think I have a statement about that here.</p> <p>18 I think that might be true at different</p> <p>19 points in time for the entirety of the enterprise.</p> <p>20 Q So during the class period, Anadarko's 7:31PM</p> <p>21 book value ranged from 14.6 billion to 19.4 billion,</p> <p>22 whereas the market value ranged from 15 billion to</p> <p>23 50 billion. Does that sound about right?</p> <p>24 A I don't remember the book values for the</p> <p>25 entire enterprise. I do have the market cap range in 7:31PM</p> <p style="text-align: right;">Page 193</p>

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<p>1 my report in that exhibit, which I have as -- for 7:31PM</p> <p>2 Anadarko I have the ranges being 15 to 50.</p> <p>3 Q Right. So in Paragraph 37 you cite to</p> <p>4 other oil companies in saying they had market values</p> <p>5 that were less than their book values. 7:31PM</p> <p>6 Why did you use those as examples instead</p> <p>7 of analyzing Anadarko, which is the relevant company</p> <p>8 here?</p> <p>9 A It's just illustrative of the point that</p> <p>10 this is accounting and book values and it's not market 7:31PM</p> <p>11 prices. So it's just illustrative of that point.</p> <p>12 Q Even though it wasn't true or Anadarko?</p> <p>13 A Well, I think it is true for Anadarko that</p> <p>14 the book values are not market prices, it's accounting</p> <p>15 conventions. 7:32PM</p> <p>16 Q That's a slightly different question.</p> <p>17 It's not true that the book value of an</p> <p>18 asset is the same as a sunk cost; right?</p> <p>19 A We're going to quickly get into accounting</p> <p>20 and beyond my knowledge. My understanding is some of 7:32PM</p> <p>21 the costs that are disclosed on May 2nd are sunk</p> <p>22 costs, but I think that statement is also true.</p> <p>23 Q The statement that I made?</p> <p>24 A Yes. Yes, I think that statement is true,</p> <p>25 but it's also my understanding that some of the costs 7:32PM</p> <p style="text-align: right;">Page 194</p>	<p>1 benefits held through Anadarko's assets represented 7:34PM</p> <p>2 potential future cash in-flows under GAAP; right?</p> <p>3 A That, I don't know. We've just hit the end</p> <p>4 of --</p> <p>5 Q We're going beyond? 7:34PM</p> <p>6 A -- my knowledge, so I'm out.</p> <p>7 Q You're out, okay.</p> <p>8 A Book value is not market prices.</p> <p>9 Q Okay.</p> <p>10 A Accounting has their own way of doing 7:34PM</p> <p>11 things.</p> <p>12 Q You'll agree, then, that this issue of the</p> <p>13 accounting of Anadarko is really outside of your</p> <p>14 area of expertise?</p> <p>15 A Well, beyond what I say in my report, which 7:34PM</p> <p>16 is book value is not market prices. It can be a bit</p> <p>17 higher, it can be lower depending on the accounting</p> <p>18 conventions and the actual write-downs relate to past</p> <p>19 stuff, sunk costs, leasehold interests from years ago.</p> <p>20 Q I think that's where we're going a little 7:34PM</p> <p>21 sideways here.</p> <p>22 You do understand that that the write-down</p> <p>23 included assets that were acquired from Kerr-McGee?</p> <p>24 A Are we -- if this is a reference to the</p> <p>25 leasehold interest, that's my understanding. 7:35PM</p> <p style="text-align: right;">Page 196</p>
<p>1 that are written down, if I can use that phrase, in 7:32PM</p> <p>2 the non-accounting sense, because I know write-down</p> <p>3 has a particular accounting meaning, but the</p> <p>4 write-down, so to speak, on May 2nd did include in my</p> <p>5 understanding sunk costs. 7:33PM</p> <p>6 Q So you understand that the book value of</p> <p>7 Anadarko's assets had to be reported in accordance</p> <p>8 with GAAP; right?</p> <p>9 A I'm not an accountant, that's my general</p> <p>10 understanding. 7:33PM</p> <p>11 Q Okay. So this is outside of your area of</p> <p>12 expertise here?</p> <p>13 A If you're going to ask me accounting</p> <p>14 questions, yes. Beyond the observation that book</p> <p>15 value are not market prices, beyond the observation 7:33PM</p> <p>16 that's what is being written down on May 2nd is</p> <p>17 reflecting some costs.</p> <p>18 Q But -- well, let me ask you this: Do you</p> <p>19 understand that under GAAP, an asset represents a</p> <p>20 right to an economic benefit? 7:33PM</p> <p>21 A That sounds right.</p> <p>22 Q Okay. So unlike the concept --</p> <p>23 A I'm not an accountant.</p> <p>24 Q Okay. Unlike the -- your reference to</p> <p>25 sunk cost is past cash outlays. The economic 7:33PM</p> <p style="text-align: right;">Page 195</p>	<p>1 Q Right. That was based on its fair value 7:35PM</p> <p>2 at the date of the acquisition; right?</p> <p>3 A I don't know.</p> <p>4 Q So -- but in any event, you'll agree with</p> <p>5 me that a good portion of the write-down related to 7:35PM</p> <p>6 an asset?</p> <p>7 A Well, a good portion related to the</p> <p>8 leasehold interest from this acquisition years ago.</p> <p>9 There's two numbers, but it was one of the</p> <p>10 numbers -- let me just go to the report. Give me a 7:35PM</p> <p>11 second -- does, as I understand it, relate basically</p> <p>12 or largely to that leasehold interest that we've</p> <p>13 been discussing.</p> <p>14 Q And that leasehold or the asset was</p> <p>15 reported on the company's books based on its 7:36PM</p> <p>16 expected future cash flows related to that asset;</p> <p>17 correct?</p> <p>18 MS. ROSENBERG: Objection.</p> <p>19 THE WITNESS: I don't --</p> <p>20 BY MS. JENSEN: 7:36PM</p> <p>21 Q You're out?</p> <p>22 A I don't know. That's an accounting</p> <p>23 question.</p> <p>24 Q Okay.</p> <p>25 A Accountants do things that are not market 7:36PM</p> <p style="text-align: right;">Page 197</p>

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<p>1 prices, not market value, so you cannot look at what 7:36PM</p> <p>2 the accountants and their conventions are to estimate</p> <p>3 market prices.</p> <p>4 Q Well, I mean, in this instance with</p> <p>5 Anadarko writing down its asset to zero, that 7:36PM</p> <p>6 indicated that that was the expected future cash</p> <p>7 in-flows for that asset; correct?</p> <p>8 A You know, my view and opinion is that how</p> <p>9 accountants adjust the books for accounting purposes</p> <p>10 follows their own conventions and it's not market 7:36PM</p> <p>11 prices, it's not a DCF as an economist would think</p> <p>12 about it.</p> <p>13 Q In any event, this is outside of your area</p> <p>14 of expertise?</p> <p>15 A I don't know the particulars of GAAP. I do 7:37PM</p> <p>16 know that some of the write-downs relate to sunk</p> <p>17 costs.</p> <p>18 As an economist, that's not relevant to</p> <p>19 the value of the company on an ongoing basis.</p> <p>20 Q Okay. But would you defer to the 7:37PM</p> <p>21 accountants on this issue?</p> <p>22 A I would defer to the accountants on what the</p> <p>23 accounting conventions are, I would not defer to an</p> <p>24 accountant if the accountant were to say, this is</p> <p>25 market prices. 7:37PM</p> <p style="text-align: right;">Page 198</p>	<p>1 to the different things at the particular company in 7:38PM</p> <p>2 terms of the GAAP treatment. But I'm not going to be</p> <p>3 able to tell you the details on that.</p> <p>4 Q Okay. So in addition, the suspended well</p> <p>5 costs were different as well for ConocoPhillips; 7:39PM</p> <p>6 right?</p> <p>7 A Yes. I mean, we can go to the part of the</p> <p>8 report. But yes, they do report on May 4th, if that's</p> <p>9 what we're referring to, some costs there.</p> <p>10 Q Right. So, for example, ConocoPhillips 7:39PM</p> <p>11 had already written off Shen 3; right?</p> <p>12 A I don't have a specific recollection. I do</p> <p>13 remember the May 4th -- I remember 51 million, but let</p> <p>14 me go to my report here, make sure I'm getting that</p> <p>15 right. 7:39PM</p> <p>16 So the suspended well costs, as I</p> <p>17 understand it, are past expenditures regardless of</p> <p>18 how it's treated from an accounting perspective.</p> <p>19 And I'm just -- anyway, so Conoco has its</p> <p>20 disclosure on May 4th, which is a lower number, I 7:40PM</p> <p>21 believe, than what -- you know, the accounting</p> <p>22 treatment that Anadarko reported the day before.</p> <p>23 Q And to be clear, for Anadarko's suspended</p> <p>24 well costs that were written off after close of</p> <p>25 market May 2nd, 2017, that did not include all of 7:40PM</p> <p style="text-align: right;">Page 200</p>
<p>1 Q So -- okay. I think the fact that you 7:37PM</p> <p>2 keep trying to wade into it without understanding</p> <p>3 the accounting issues make this a little tricky.</p> <p>4 But what I hear you say is you're out, I</p> <p>5 won't ask you any more detailed questions about GAAP 7:37PM</p> <p>6 and how this all works together in terms of the</p> <p>7 asset.</p> <p>8 A Okay.</p> <p>9 Q That doesn't mean we're entirely out of</p> <p>10 the woods, though, because I do want to ask you a 7:38PM</p> <p>11 little bit about your opinions or your statements in</p> <p>12 your report about how Anadarko's write-down differed</p> <p>13 from ConocoPhillips.</p> <p>14 A Okay.</p> <p>15 Q So you, for example, wouldn't expect for 7:38PM</p> <p>16 ConocoPhillips to report the same asset associated</p> <p>17 with Anadarko's acquisition of Kerr-McGee; right?</p> <p>18 MS. ROSENBERG: Objection --</p> <p>19 THE WITNESS: That sounds reasonable to</p> <p>20 me. 7:38PM</p> <p>21 BY MS. JENSEN:</p> <p>22 Q You wouldn't expect ConocoPhillips to have</p> <p>23 recorded them like Anadarko; right?</p> <p>24 A That seems reasonable to me; that is to say,</p> <p>25 the accountants have the GAAP obligations that relate 7:38PM</p> <p style="text-align: right;">Page 199</p>	<p>1 its investment dollars to date; right? 7:40PM</p> <p>2 A I'm not providing that opinion, no, meaning</p> <p>3 I'm not weighing in on that.</p> <p>4 Q Okay. I mean, just so you know -- or I</p> <p>5 guess I should ask you to confirm, Anadarko also had 7:41PM</p> <p>6 already written off Shen 3 by that time; right?</p> <p>7 A That might be true, I just don't have a</p> <p>8 specific recollection.</p> <p>9 Q Now, as we talked about earlier,</p> <p>10 ConocoPhillips had announced back in 2015 that it 7:41PM</p> <p>11 was divesting itself of all deepwater drilling</p> <p>12 assets; right?</p> <p>13 A I don't know if I can confirm that. I do</p> <p>14 remember that statement that you had mentioned earlier</p> <p>15 concerning -- by the company at that point. 7:41PM</p> <p>16 Q And with the write-down of Shenandoah,</p> <p>17 ConocoPhillips confirmed that that was the end of</p> <p>18 that process; in other words, they had closed up</p> <p>19 shop in the GoM as they had intended to do?</p> <p>20 A I remember an analyst making comments along 7:41PM</p> <p>21 those lines is my best recollection. But obviously</p> <p>22 the record records what folks said and didn't say.</p> <p>23 Q So ConocoPhillips, based on its</p> <p>24 statements, didn't view deepwater drilling in the</p> <p>25 GoM as being valuable to its future business 7:42PM</p> <p style="text-align: right;">Page 201</p>

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<p>1 strategy in the same way as Anadarko; right? 7:42PM</p> <p>2 A I don't have a view on how they viewed their</p> <p>3 business strategy and their competitive advantage</p> <p>4 and -- I just don't have a view on that.</p> <p>5 Q In any event, ConocoPhillips's stock price 7:42PM</p> <p>6 didn't include a premium for deepwater drilling?</p> <p>7 A I didn't analyze that either way. Rather</p> <p>8 I'm analyzing whether the market value, whatever it</p> <p>9 might be, updated in response to particular pieces of</p> <p>10 information. 7:42PM</p> <p>11 Q Nor did ConocoPhillips's future growth</p> <p>12 depend on deepwater drilling because it had all but</p> <p>13 exited that business by the time of this</p> <p>14 announcement?</p> <p>15 A That might well be true, but, you know, 7:42PM</p> <p>16 again, the question is: How did the market view all</p> <p>17 this?</p> <p>18 Q And the market comment is that</p> <p>19 ConocoPhillips had already decided to exit deepwater</p> <p>20 GoM; right? 7:43PM</p> <p>21 A So again, my best recollection, there's a</p> <p>22 ton of analyst reports here, is that there is</p> <p>23 commentary about that in the aftermath of the May</p> <p>24 disclosures.</p> <p>25 Q I would like to turn to Paragraph 39. 7:43PM</p> <p style="text-align: right;">Page 202</p>	<p>1 Shenandoah-related assets to zero, it effectively 7:45PM</p> <p>2 was saying under GAAP that the Shenandoah assets'</p> <p>3 fair value was zero; right?</p> <p>4 A This is an accounting question. So --</p> <p>5 Q Okay. 7:45PM</p> <p>6 A You know, generally speaking, the book value</p> <p>7 of GAAP is not about -- is not equivalent to market</p> <p>8 pricing.</p> <p>9 Q But again, that's beyond your expertise</p> <p>10 because it has to do with GAAP; right? 7:45PM</p> <p>11 A I don't have any expertise in the</p> <p>12 particulars of GAAP treatment. I can say and I am</p> <p>13 saying book value is not a reliable indication of</p> <p>14 value, including the fact that the book value, as you</p> <p>15 discussed earlier, the market value of Anadarko is 7:45PM</p> <p>16 greater than the book value of its assets, that's</p> <p>17 consistent with my view that it's not market pricing.</p> <p>18 Q And are you aware that under GAAP, in</p> <p>19 order to carry that value of the asset on your</p> <p>20 books, it has to support that amount on a 7:45PM</p> <p>21 going-forward basis?</p> <p>22 A We're beyond my knowledge again, so...</p> <p>23 Q What does it mean that a price decline was</p> <p>24 caused by the correction of some alleged</p> <p>25 misstatements as stated on Page 25 of your report? 7:46PM</p> <p style="text-align: right;">Page 204</p>
<p>1 A Yes. 7:43PM</p> <p>2 Q Okay. So you cite here a discussion -- or</p> <p>3 a statement by Cobalt about the fair market value;</p> <p>4 correct?</p> <p>5 A What sentence are we talking about now? 7:43PM</p> <p>6 Q It's near the end of the paragraph, this</p> <p>7 is on Page 25.</p> <p>8 A So am I supposed to be reading that sentence</p> <p>9 that begins "on May 4th"?</p> <p>10 Q "On May 8th." So Cobalt made a 7:44PM</p> <p>11 statement --</p> <p>12 A I'm on Page 24. You mean Page 39?</p> <p>13 Q I think we're probably both getting tired.</p> <p>14 I'm talking about Page 25.</p> <p>15 A I'm on the wrong page. 7:44PM</p> <p>16 Okay. I see it now.</p> <p>17 Q Okay. So Cobalt made a statement about</p> <p>18 the write-down not being indicative of what Cobalt</p> <p>19 believed to be the intrinsic or fair market value of</p> <p>20 the Shenandoah discovery; right? 7:44PM</p> <p>21 A Yes.</p> <p>22 Q Anadarko did not make a similar statement;</p> <p>23 correct?</p> <p>24 A I'm not aware of such.</p> <p>25 Q Okay. And by impairing the 7:44PM</p> <p style="text-align: right;">Page 203</p>	<p>1 A Are you looking at the last sentence? 7:46PM</p> <p>2 Q Yes.</p> <p>3 A I guess Mr. Steinholt is trying to value the</p> <p>4 information that is alleged to have been concealed or</p> <p>5 omitted. And I'm saying here he fails to reliably 7:46PM</p> <p>6 value that information or, in fact, whether that</p> <p>7 information being disclosed, in fact, caused harm to</p> <p>8 the stockholders.</p> <p>9 Q What standard are you using there? Are</p> <p>10 you using a loss causation standard? 7:47PM</p> <p>11 A I'm using standard events that all the</p> <p>12 analyses that I do in support of that statement, which</p> <p>13 includes event study analyses.</p> <p>14 Q And are you providing an opinion of what</p> <p>15 the appropriate loss causation standard should be in 7:47PM</p> <p>16 this case?</p> <p>17 A I'm not sure what you mean by "loss</p> <p>18 causation standard."</p> <p>19 Q Are you offering an opinion on what the</p> <p>20 appropriate loss causation standard should be in 7:47PM</p> <p>21 this case?</p> <p>22 MS. ROSENBERG: Objection to form.</p> <p>23 THE WITNESS: I am in the sense that I</p> <p>24 provide economic analysis for why he's failed to</p> <p>25 reliably establish his inflation band or the 7:47PM</p> <p style="text-align: right;">Page 205</p>

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<p>1 valuation effects of the alleged corrective 7:47PM 2 information. 3 BY MS. JENSEN: 4 Q But you're not trying to set forth a 5 standard here? 7:48PM 6 A I do have standards. I use event study 7 standards, I use economic analysis. So I'm not going 8 to agree to the proposition I don't have standards. 9 Q Are you familiar with Esther Bruegger's 10 2009 article published by NERA? 7:48PM 11 A You have to tell me the name of the article. 12 Q So this is "Estimating Financial Fraud 13 Damages with Response Coefficients." 14 A Is this with Dunbar? 15 Q Yes. 7:49PM 16 A So I read that awhile ago. 17 Q Okay. 18 A Lovely guy. 19 Q In that article they talk about "One of 20 the most common events associated with securities 7:49PM 21 litigation is a large, unexpected write-off." 22 Are you familiar with that? 23 A Am I familiar -- do I have a specific 24 recollection that it's in that article from 14 years 25 ago, no, I don't. 7:50PM Page 206</p>	<p>1 Q There's also -- but the same analysis 7:51PM 2 holds true in the sense that you can look at the 3 chronology of events; right? 4 A I've not seen an after-market event 5 intraday -- I don't know if "intra" is the right word, 7:51PM 6 but I have seen closed open. I've not seen 7 after-market alone intraday type event study. I think 8 it's for the reasons I described in my report or 9 reports. 10 Q You have described previously that one can 7:52PM 11 look at the chronology of events to disentangle the 12 effects of confounding information; right? 13 A Sure. So you certainly would look at 14 chronology to understand, you know, the changing 15 informational environment. 7:52PM 16 Q Let's turn to the events of May 2nd. You 17 wrote in are your report that the Firestone news was 18 disseminated at -- 19 A Where are you reading? 20 Q Sorry, let me turn there real quickly. 7:52PM 21 Okay. You have a reference here to 22 4:03 p.m., that's when the fire -- 23 A Please tell me where you are in my report. 24 Q Sorry, it's Page 5. 25 A Thank you. Okay. 7:53PM Page 208</p>
<p>1 Q Is that something that's understood in the 7:50PM 2 literature? 3 MS. ROSENBERG: Objection. 4 THE WITNESS: I guess the way I would 5 frame it is it's the case that financial restatement 7:50PM 6 cases, these accounting restatement cases, did lead 7 to a lot of securities litigation, so I'm thinking 8 WorldCom, Enron. 9 So yes, accounting restatements, I think 10 it's a fact securities class action litigation. 7:50PM 11 Q You wrote an article in 2007 that's called 12 "The Loss Causation Requirement for Rule 10B-5 13 Causes of Action." 14 Are you familiar or recall that article? 15 A I do recall it. 7:50PM 16 Q And in that article you wrote that 17 examination of intraday data allows one to 18 disentangle the confounding effects of two events. 19 Do you recall that? 20 A I do. 7:51PM 21 Q That's something that's been discussed in 22 the literature, not just in your articles but in 23 others; right? 24 A Yes. So just to be clear, intraday event 25 studies in the context of the trading day, yes. 7:51PM Page 207</p>	<p>1 Q So you reference the fire officials press 7:53PM 2 conference starting at 4:03 p.m.; right? 3 A Yes. 4 Q Okay. And so the news at the time was 5 just that the press conference was starting; 7:54PM 6 correct? 7 A I believe that's accurate as of 4:03. 8 Q Now, in your prior report from December of 9 2021, you stated that the first news was the Denver 10 Post article at 4:51 p.m.; right? 7:54PM 11 A I do -- it is true the first news I 12 identified is that. I don't know if I say the first, 13 but I could be misremembering. 14 Q Well, that was the first news you cited; 15 right? 7:55PM 16 A That's a different point. That's different 17 than what you originally said. 18 So, yes, I believe we can confirm by 19 looking at my earlier report that the first news 20 item that I identified here was at 4:51 as best I 7:55PM 21 can recollect. 22 Q Now, after Mr. Steinholt filed his -- or 23 submitted his rebuttal report, you came back with 24 several tweets, which we've gone over already today; 25 right? 7:55PM Page 209</p>

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<p>1 A True. 7:55PM</p> <p>2 Q Okay. And did you know about the tweets</p> <p>3 at the time?</p> <p>4 A No. My point in the original report is,</p> <p>5 look, there's confounding information here. So that 7:55PM</p> <p>6 first report at 4:51 or whatever it was was sufficient</p> <p>7 for that.</p> <p>8 Q You did not know about the tweets at the</p> <p>9 time. Is that because they didn't come up in your</p> <p>10 media search? 7:56PM</p> <p>11 A Again, I wanted to -- we can pull up the</p> <p>12 original report, the search criteria there, but given</p> <p>13 my purpose there, that was sufficient.</p> <p>14 That is to say, there's confounding</p> <p>15 information. I believe that's the Denver Post, 7:56PM</p> <p>16 which we talked about earlier, which is after market</p> <p>17 on May 2nd where they talk about the fact that, in</p> <p>18 fact, as I remember, the governor made some</p> <p>19 announcements after market on May 2nd.</p> <p>20 Q Now, in these tweets, I'm going to tread 7:56PM</p> <p>21 lightly here. Let's do our best.</p> <p>22 The 4:03 tweet just said that the press</p> <p>23 conference was starting; right?</p> <p>24 A I believe that's accurate.</p> <p>25 Q And the 4:09 tweet does not mention 7:57PM</p> <p style="text-align: right;">Page 210</p>	<p>1 but not as a basis by itself, I should say, that there 7:58PM</p> <p>2 is a statistically significant reaction to any piece</p> <p>3 of the news.</p> <p>4 Q Okay. Let's set that aside for just a</p> <p>5 minute. You're not aware of any price declines in 7:58PM</p> <p>6 the trading immediately following those tweets;</p> <p>7 right?</p> <p>8 A I think there is a bunch of -- I think I</p> <p>9 talk about this in my Daubert opinion, that a bunch of</p> <p>10 them don't even trade, but I would have to refer back 7:59PM</p> <p>11 to that discussion where -- you know, for which</p> <p>12 companies do you even have trades.</p> <p>13 I also make a reference to what was</p> <p>14 happening with the Colorado peers again outside the</p> <p>15 statistical context. 7:59PM</p> <p>16 Q And when Bloomberg issued its 4:43 p.m.</p> <p>17 article saying that Anadarko shares had dropped by</p> <p>18 4.1 percent after the release of the earnings, it</p> <p>19 was unaware at that time of any finding by the fire</p> <p>20 department; right? 7:59PM</p> <p>21 A I don't --</p> <p>22 MS. ROSENBERG: Objection.</p> <p>23 THE WITNESS: I don't know what it knew or</p> <p>24 did not know.</p> <p>25</p> <p style="text-align: right;">Page 212</p>
<p>1 Anadarko by name; correct? 7:57PM</p> <p>2 A You know -- yes, I'm looking at Footnote 23,</p> <p>3 that tweet does not.</p> <p>4 Q And the 4:11 tweet also does not mention</p> <p>5 Anadarko by name; right? 7:57PM</p> <p>6 A Agreed.</p> <p>7 Q Now, there is no evidence that any</p> <p>8 investors read these tweets; right?</p> <p>9 A I have no view either way.</p> <p>10 Q But you're not aware of any evidence that 7:57PM</p> <p>11 investors read these tweets?</p> <p>12 A I don't have any view either way. I would</p> <p>13 note that there is a reporter that is responsible for</p> <p>14 the 4:09 p.m., but beyond that, no.</p> <p>15 Q In any event, there was no stock decline 7:58PM</p> <p>16 following either -- or all three of those tweets;</p> <p>17 right?</p> <p>18 MS. ROSENBERG: Objection.</p> <p>19 THE WITNESS: Again, when we say the word</p> <p>20 "stock declined," I would put it in an event study 7:58PM</p> <p>21 statistical framework, so I wouldn't just eyeball a</p> <p>22 smattering of after-market trades.</p> <p>23 BY MS. JENSEN:</p> <p>24 Q Okay.</p> <p>25 A As a -- you can look at whatever you want, 7:58PM</p> <p style="text-align: right;">Page 211</p>	<p>1 BY MS. JENSEN: 7:59PM</p> <p>2 Q Do you know what article I'm talking</p> <p>3 about?</p> <p>4 A I do.</p> <p>5 Q You don't dispute that Bloomberg said in 8:00PM</p> <p>6 that article that authorities still had not made a</p> <p>7 finding?</p> <p>8 A I don't dispute that. I don't have a</p> <p>9 perfect recall. We can look at the document. It says</p> <p>10 what it says. 8:00PM</p> <p>11 Q Now, if the folks at Anadarko reported</p> <p>12 contemporaneously that not many people had heard of</p> <p>13 the fire department's conference until after</p> <p>14 Anadarko released its statements about Firestone,</p> <p>15 would you have any reason to dispute that? 8:00PM</p> <p>16 A I don't have a view and it wouldn't be</p> <p>17 relevant to my opinion. In a market that's efficient,</p> <p>18 all public information gets reflected quickly.</p> <p>19 There was our earlier discussion about</p> <p>20 what quickly means, but that would be my general 8:01PM</p> <p>21 view.</p> <p>22 Q Have you seen the document I'm referring</p> <p>23 to?</p> <p>24 A I do remember the Bloomberg, I think maybe</p> <p>25 Steinholt excerpts it or -- I do remember -- I forget 8:01PM</p> <p style="text-align: right;">Page 213</p>

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<p>1 the context. Maybe it was excerpted by Steinholt. I 8:01PM 2 do remember the Bloomberg article. But you can show 3 it to me to refresh my recollection. 4 Q You should be able to see what's been 5 marked as Exhibit 526. 8:02PM 6 (Whereupon, Exhibit 526 was marked for 7 identification.) 8 BY MS. JENSEN: 9 Q This is a document that bears the Bates 10 stamp -- 8:02PM 11 A My internet just went down. 12 MS. JENSEN: Okay. Let's go off the 13 record? 14 THE VIDEOGRAPHER: Off the record. It's 15 8:02 p.m. 8:02PM 16 (Recess taken.) 17 THE VIDEOGRAPHER: Back on the record. 18 It's 8:11 p.m. 19 BY MS. JENSEN: 20 Q Welcome back, Dr. Ferrell. 8:11PM 21 So you should be able to see what's been 22 marked as Exhibit 526. For the record, this bears 23 Bates stamp APC-00737523. 24 A Yes. 25 Q Have you seen this document before? 8:11PM Page 214</p>	<p>1 And she is talking about a release that 8:14PM 2 Anadarko affirmatively sent out to the market about 3 Firestone around 5:18 p.m.; correct? 4 A That's my memory. 5 Q Okay. And it was only after that that the 8:14PM 6 calls started coming in. 7 Now, are you aware there was no price 8 declines that had occurred prior to the release of 9 the earnings? 10 A Well, I do talk about the after-market data 8:14PM 11 in my Daubert report. When we use the word or phrase 12 "price declines," you know, you can look at the raw 13 returns, but I would want to think about it 14 statistically. 15 So I don't think any analysis has been 8:14PM 16 done or likely could be done on the after-market 17 data, so it hasn't been done to show that. 18 Q You see that she references areas of focus 19 and top questions that she would expect for the 20 following day? 8:15PM 21 A I do. 22 Q And that's the earnings call; right? 23 A I would assume so. 24 Q And second on that list was "Understanding 25 what, if any, go-forward plans are around 8:15PM Page 216</p>
<p>1 A I don't have a specific recollection. Let 8:11PM 2 me just double check. 3 I don't recall. I don't have a specific 4 recollection. 5 Q Okay. Do you know who Robin Fielder is? 8:12PM 6 A No. 7 Q She was in the investment relations 8 department of Anadarko. 9 Do you know who Al Walker is? 10 A Yes, he was the president and chairman, I 8:12PM 11 believe. I'll look in my report. So I think he was 12 the chairman, president, CEO. 13 Q So this is an email from Robin Fielder to 14 Al Walker and this is at -- well, her email is 15 9:15 p.m., which I assume to be central time. 8:13PM 16 A Okay. 17 Q In it she's saying that the "earnings 18 release when out a little later and thus we didn't 19 start making calls until close to 3:30 CST." 20 You understand that to be 4:30 Eastern; 8:13PM 21 right? 22 A That sounds right. 23 Q She indicates that not many people had 24 heard about the fire department's press conference, 25 but then there was a second release that came out. 8:14PM Page 215</p>	<p>1 Shenandoah"; right? 8:15PM 2 A There is that parenthetical. 3 Q Okay. You can set that aside. 4 You have no reason to dispute that 5 investors started to sell off Anadarko shares 8:15PM 6 immediately after the disclosure of the Shenandoah 7 write-off and that the decline was documented in two 8 Bloomberg articles that afternoon? 9 MS. ROSENBERG: Objection, form. 10 THE WITNESS: I don't accept that as an 8:15PM 11 economist, right. When we think about price 12 declines reacting to information, you think about it 13 in the context of a proper statistical analysis. 14 So, no, I don't accept that. 15 Q Do you have any reason to doubt that 8:16PM 16 Bloomberg published an article at 4:24 with the 17 headline that shares were down 3.5 since the 18 earnings release? 19 A I don't have reason to dispute that. It's 20 not relevant to my opinion. 8:16PM 21 Q And during that same period, the stock 22 prices of the four Colorado Peer Group companies did 23 not decline at all? 24 A Now you're testing my memory. I do discuss 25 this -- the pattern, the raw return pattern or the 8:16PM Page 217</p>

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<p>1 trades or the lack thereof that appears in my Daubert 8:16PM</p> <p>2 opinion reports, but I would have to look back at that</p> <p>3 to refresh my recollection.</p> <p>4 Q So the prices of the Colorado companies</p> <p>5 fell after the governor's statement; right? 8:16PM</p> <p>6 A Again, I would -- to answer these questions,</p> <p>7 I did look at this. I would want to refresh my</p> <p>8 recollection, and I think it's in one of the two</p> <p>9 Daubert opinions where I discuss the after-market</p> <p>10 data. 8:17PM</p> <p>11 But my general view is that this is just</p> <p>12 inappropriate analysis. It's not a statistical</p> <p>13 analysis. It's eyeballing data. It's not using</p> <p>14 predefined event windows. It's just a lot of junk</p> <p>15 science. 8:17PM</p> <p>16 Q You state that despite your literature and</p> <p>17 published articles that talk about the chronology of</p> <p>18 event helping to disentangle confounding</p> <p>19 information; right?</p> <p>20 A It's completely consistent with my article 8:17PM</p> <p>21 including the discussion of intraday trading events</p> <p>22 studies, yes.</p> <p>23 Q So for purposes of your opinions in your</p> <p>24 report, are you accepting the factual allegations of</p> <p>25 the case? 8:18PM</p> <p style="text-align: right;">Page 218</p>	<p>1 what the internal thinking, so to speak, was at 8:19PM</p> <p>2 Anadarko.</p> <p>3 Q Had the company previously provided</p> <p>4 guidance for 2Q2017?</p> <p>5 A For earnings? 8:19PM</p> <p>6 Q Right, for Q2.</p> <p>7 A I don't recall either way.</p> <p>8 Q Do you have any reason to dispute that the</p> <p>9 2Q2017 guidance was not lowered from prior guidance,</p> <p>10 it simply may have been lower than what some 8:19PM</p> <p>11 analysts had said?</p> <p>12 A So, again, I want to be clear. Are you</p> <p>13 talking about earnings or are you taking about the</p> <p>14 volume guidance?</p> <p>15 Q So the -- any of the Q2 2017 guidance. 8:19PM</p> <p>16 A In terms of the volume guidance, there is</p> <p>17 some analyst commentary saying it was below</p> <p>18 expectations or disappointing or something to that</p> <p>19 effect, or "light" I believe was the word used.</p> <p>20 Q But the company had not put out a number; 8:20PM</p> <p>21 right?</p> <p>22 A That I don't know offhand. Rather than --</p> <p>23 the analyst commentary, some of it at least, was</p> <p>24 indicating some level of disappointment.</p> <p>25 Q So -- but I'm trying to ask the specific 8:20PM</p> <p style="text-align: right;">Page 220</p>
<p>1 A I am accepting the liability -- I'm assuming 8:18PM</p> <p>2 liability for damages, yes.</p> <p>3 Q Do you understand the case involves</p> <p>4 concealment of an alleged truth?</p> <p>5 A Yes. 8:18PM</p> <p>6 Q And you understand that the alleged truth</p> <p>7 was revealed when Anadarko disclosed the suspension</p> <p>8 of Shenandoah and associated write-down?</p> <p>9 A Yes.</p> <p>10 Q Now, if the company stated internally at 8:18PM</p> <p>11 the time that Shenandoah was the reason for the Q1</p> <p>12 2017 earnings miss, would you have any reason to</p> <p>13 dispute it?</p> <p>14 A I would -- I look at public information and</p> <p>15 public stock price reactions. I don't have review of 8:18PM</p> <p>16 internal deliberations.</p> <p>17 Q So would you have any reason to dispute</p> <p>18 the company's opinion that the big driver in EPS for</p> <p>19 the Quarter 1 2017 quarter was the write-down of</p> <p>20 book value at Shenandoah? 8:19PM</p> <p>21 A I'm not taking a position on that.</p> <p>22 I do talk about the analysts' discussion</p> <p>23 of the earnings and the effect of the impairment or</p> <p>24 the write-downs on that. But it's really in terms</p> <p>25 of the public information. I am not weighing in on 8:19PM</p> <p style="text-align: right;">Page 219</p>	<p>1 question about what the company said and it sounds 8:20PM</p> <p>2 like you don't know one way or the other?</p> <p>3 A The company said about what?</p> <p>4 Q About 2Q2017 guidance.</p> <p>5 A Well, they do discuss in the earnings call, 8:20PM</p> <p>6 and I think there's even questions about it, about the</p> <p>7 second quarter 2017 volume guidance.</p> <p>8 So I do believe -- well, I would want to</p> <p>9 double check the earnings conference, so there is</p> <p>10 analyst commentary on that. 8:21PM</p> <p>11 Q Now, did --</p> <p>12 A That I recall.</p> <p>13 Q Was there any impact on the overall full</p> <p>14 year 2017 guidance?</p> <p>15 A My understanding is that there was not. 8:21PM</p> <p>16 Q And that was reflected in the analyst</p> <p>17 reports; right?</p> <p>18 A I believe that's accurate.</p> <p>19 Q And so since it didn't impact FY 2017</p> <p>20 guidance, that meant that 2Q2017 guidance would be 8:21PM</p> <p>21 higher than expectations; right?</p> <p>22 A I don't --</p> <p>23 MS. ROSENBERG: Objection to form.</p> <p>24 THE WITNESS: I don't follow.</p> <p>25 BY MS. JENSEN: 8:21PM</p> <p style="text-align: right;">Page 221</p>

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<p>1 Q I'll withdraw the question. 8:21PM</p> <p>2 I think you referenced an earnings call.</p> <p>3 In that earnings call, the company explained the</p> <p>4 lower 2Q2017 guidance was simply due to scheduling</p> <p>5 of maintenance; right? 8:22PM</p> <p>6 A Look, a lot of the deposition has been</p> <p>7 testing my memory of documents that speak for</p> <p>8 themselves, so I'll just note that.</p> <p>9 There is discussion of maintenance</p> <p>10 affecting the second quarter. Whether it's the 8:22PM</p> <p>11 primary or the only reason, I don't specifically</p> <p>12 remember.</p> <p>13 But I do remember that maintenance was</p> <p>14 discussed in connection with the second quarter.</p> <p>15 Q We can agree to disagree about the 8:22PM</p> <p>16 deposition.</p> <p>17 MS. JENSEN: I'll also note that I have</p> <p>18 been trying to move it along for the witness's</p> <p>19 schedule in addition to everybody else's.</p> <p>20 Q Are you opining that Anadarko scheduling 8:22PM</p> <p>21 more of its maintenance in 2Q2017 and less in other</p> <p>22 quarters had a material negative impact on</p> <p>23 Anadarko's stock price?</p> <p>24 A No, I'm not providing that opinion. I'm</p> <p>25 just saying it is a potential confounding negative 8:23PM</p> <p style="text-align: right;">Page 222</p>	<p>1 May 2nd, 2017 report said that Anadarko had a strong 8:24PM</p> <p>2 quarter?</p> <p>3 MS. ROSENBERG: Objection.</p> <p>4 THE WITNESS: Again, you could refresh my</p> <p>5 recollection. Did you say it's a May 2nd or May 3rd 8:24PM</p> <p>6 report?</p> <p>7 BY MS. JENSEN:</p> <p>8 Q I would have to check the date, actually,</p> <p>9 thank you. I'll double check that, but the record</p> <p>10 speaks for itself? 8:24PM</p> <p>11 A I definitely agree with that.</p> <p>12 Q Okay. So why did you exclude confounding</p> <p>13 factors that were positive in your overall analysis</p> <p>14 of the price decline?</p> <p>15 A Well, again, there is a big negative stock 8:24PM</p> <p>16 price reaction. Obviously there's negative</p> <p>17 information that's impacting that. The question is</p> <p>18 whether that negative information consists of the</p> <p>19 Shenandoah.</p> <p>20 So really the question is can we ascribe 8:25PM</p> <p>21 that negative residual whether, you know, for</p> <p>22 example, using Mr. Steinholt's event study, to the</p> <p>23 negative information about Shenandoah. So that was</p> <p>24 really the focus.</p> <p>25 But, you know, obviously the analysts are 8:25PM</p> <p style="text-align: right;">Page 224</p>
<p>1 piece of information. 8:23PM</p> <p>2 Q Did you perform --</p> <p>3 A And I'm leaving it at that.</p> <p>4 Q Did you perform any economic analysis to</p> <p>5 determine whether it's a material confounding 8:23PM</p> <p>6 factor?</p> <p>7 A Just the endless commentary identifying that</p> <p>8 as an issue. You know, the event study on May 3rd is</p> <p>9 going to encapsulate the cumulative price effect of</p> <p>10 all the new value-relevant information. 8:23PM</p> <p>11 So the event study by itself would enable</p> <p>12 one to disentangle that.</p> <p>13 Q When you refer to analysts, you're just</p> <p>14 referring to a JPMorgan analyst report?</p> <p>15 A I think there's another one as well. 8:23PM</p> <p>16 There's two or three as best I can recall.</p> <p>17 Q I guess they would all be cited in your</p> <p>18 report; right?</p> <p>19 A Yes.</p> <p>20 Q Did you consider the positive 1Q2017 8:23PM</p> <p>21 results aside from the write-down were also</p> <p>22 disclosed at that time?</p> <p>23 A I did consider the analyst commentary on the</p> <p>24 reaction to the 10-Q and the earnings call itself.</p> <p>25 Q So, for example, the Credit Suisse 8:24PM</p> <p style="text-align: right;">Page 223</p>	<p>1 commenting on the total mix of information. 8:25PM</p> <p>2 Q Are you saying that you included the</p> <p>3 considerations of positive information in your</p> <p>4 analysis?</p> <p>5 A Well, I certainly reviewed the analyst 8:25PM</p> <p>6 reports in the aftermath of Anadarko, the earnings</p> <p>7 transcript and the discussions. Obviously given that</p> <p>8 it's a 10-Q they are using discussing, among other</p> <p>9 things, the 10-Q. So yes, I certainly considered all</p> <p>10 that. 8:26PM</p> <p>11 Q Let's turn to Paragraph 47.</p> <p>12 A Yes.</p> <p>13 Q So in Paragraph 47, you criticize</p> <p>14 Steinholt for not increasing the inflation ribbon</p> <p>15 with growing confidence if the company that 8:26PM</p> <p>16 Shenandoah was not commercially viable. Now, we</p> <p>17 talked about this a little bit earlier.</p> <p>18 A You got the point, but yes, you did talk</p> <p>19 about it earlier.</p> <p>20 Q Setting aside sort of the directionality, 8:26PM</p> <p>21 I think we agreed that the number later would be</p> <p>22 higher than the number earlier.</p> <p>23 But assuming that you are correct on</p> <p>24 percentages, according to defendants' expert</p> <p>25 Mr. Keller, investors viewed the value of Shenandoah 8:27PM</p> <p style="text-align: right;">Page 225</p>

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<p>1 greater during the earlier parts of the class 8:27PM</p> <p>2 period.</p> <p>3 So if so, shouldn't you adjust for this as</p> <p>4 well?</p> <p>5 MS. ROSENBERG: Objection to form. 8:27PM</p> <p>6 THE WITNESS: I have not read his report.</p> <p>7 I don't understand -- I would need to consider</p> <p>8 carefully what he said and why he's saying it before</p> <p>9 I made any adjustment. So I'm not in a position to</p> <p>10 do that. 8:27PM</p> <p>11 BY MS. JENSEN:</p> <p>12 Q Are you counter proposing a damages model</p> <p>13 in this case?</p> <p>14 A No.</p> <p>15 I want to be clear what that means. Are 8:27PM</p> <p>16 you saying -- the way I interpreted that question,</p> <p>17 and hence my "no", is am I proposing an inflation</p> <p>18 ribbon and the answer to that is no.</p> <p>19 Other than zero, which I don't think</p> <p>20 would -- I'm excluding that under the umbrella of an 8:27PM</p> <p>21 inflation ribbon.</p> <p>22 Q Let's say that the jury agrees with your</p> <p>23 argument that the later part of the class period</p> <p>24 should be a greater amount of inflation than the</p> <p>25 earlier part. 8:28PM</p> <p style="text-align: right;">Page 226</p>	<p>1 nonviable, I don't view that as much of an analytical 8:29PM</p> <p>2 framework.</p> <p>3 Q Again, you're not an oil and gas expert;</p> <p>4 right?</p> <p>5 A That is true. 8:29PM</p> <p>6 Q Near the end of your report, I think it's</p> <p>7 in fact the last paragraph of your report.</p> <p>8 A Yes.</p> <p>9 Q You talk about the defendants' behavior</p> <p>10 being inconsistent with the price of Anadarko's 8:30PM</p> <p>11 stock being artificially inflated; right?</p> <p>12 A Yes.</p> <p>13 Q Now, you're not a behavioral expert;</p> <p>14 right?</p> <p>15 MS. ROSENBERG: Objection. 8:30PM</p> <p>16 THE WITNESS: I would not frame it that</p> <p>17 way, no.</p> <p>18 BY MS. JENSEN:</p> <p>19 Q Earlier you testified you didn't look at</p> <p>20 any internal documents, that's right, isn't it? 8:30PM</p> <p>21 A I believe it's accurate that -- I would want</p> <p>22 to double check my various appendices with the</p> <p>23 documents relied upon, but I think that's generally</p> <p>24 correct.</p> <p>25 Q So you don't know what the decision-making 8:31PM</p> <p style="text-align: right;">Page 228</p>
<p>1 Is it difficult to multiply 8:28PM</p> <p>2 Mr. Steinholt's inflation during the earlier parts</p> <p>3 of the class period by some amount or --</p> <p>4 A Well -- I'm sorry, I cut you off.</p> <p>5 Q Or vice versa? 8:28PM</p> <p>6 A I agree that it's easy to multiply a number</p> <p>7 by a percentage. So I agree that's easy. Where are</p> <p>8 you going to get this percentage, we don't know.</p> <p>9 Q But it's -- if the jury makes the</p> <p>10 determination, it can do simple arithmetic? 8:28PM</p> <p>11 A I'm not going to -- it's not my job to tell</p> <p>12 the jury what to do.</p> <p>13 I agree that multiplication is simple.</p> <p>14 Where this number is going to come from, let alone</p> <p>15 the other factors that would be affecting things 8:29PM</p> <p>16 like oil prices, I don't know how that's going to be</p> <p>17 dealt with either.</p> <p>18 Q But wouldn't you agree that it's</p> <p>19 sufficient to have a framework in place so the jury</p> <p>20 can make that determination? 8:29PM</p> <p>21 A I don't think this is a framework, what</p> <p>22 Mr. Steinholt is proposing.</p> <p>23 Q Okay.</p> <p>24 A Just to say it was kind of commercially</p> <p>25 nonviable and then it became more commercially 8:29PM</p> <p style="text-align: right;">Page 227</p>	<p>1 tree was in this case; right? 8:31PM</p> <p>2 A Internally, no, I'm not opining on that.</p> <p>3 Q You have no idea if anyone in the company</p> <p>4 intended to monetize Shenandoah in some other way?</p> <p>5 A Not providing an opinion on that. 8:31PM</p> <p>6 Q No idea if it was a gamble?</p> <p>7 MS. ROSENBERG: Objection to form.</p> <p>8 THE WITNESS: I'm not going to provide an</p> <p>9 opinion on subjective beliefs or subjective views of</p> <p>10 anybody including company officials. 8:31PM</p> <p>11 MS. JENSEN: Okay. I'm going to take a</p> <p>12 quick break.</p> <p>13 THE WITNESS: Sure.</p> <p>14 THE VIDEOGRAPHER: We're off the record.</p> <p>15 It's 8:31 p.m. 8:31PM</p> <p>16 (Recess taken.)</p> <p>17 THE VIDEOGRAPHER: We're back on the</p> <p>18 record. It's 8:37 p.m.</p> <p>19 MS. JENSEN: Okay. Dr. Ferrell, thank you</p> <p>20 for your time today. I have no further questions at 8:38PM</p> <p>21 this time.</p> <p>22 THE WITNESS: Thank you.</p> <p>23 MS. ROSENBERG: No questions. The</p> <p>24 deposition is concluded.</p> <p>25 MS. JENSEN: All right. Everybody have a 8:38PM</p> <p style="text-align: right;">Page 229</p>

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<p>1 good night. 8:38PM</p> <p>2 THE VIDEOGRAPHER: Off the record. It's</p> <p>3 8:38 p.m.</p> <p>4 (Proceedings concluded at 8:38 p.m.)</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p>1 NAME OF CASE: In re Anadarka Securities Litigation</p> <p>2 DATE OF DEPOSITION: 3/2/23</p> <p>3 NAME OF WITNESS: Allen Ferrell</p> <p>4 Reason codes:</p> <p>5 1. To clarify the record.</p> <p>6 2. To conform to the facts.</p> <p>7 3. To correct transcription errors.</p> <p>8 Page ____ Line ____ Reason ____</p> <p>9 From ____ to ____</p> <p>10</p> <p>11 Page ____ Line ____ Reason ____</p> <p>12 From ____ to ____</p> <p>13 Page ____ Line ____ Reason ____</p> <p>14 From ____ to ____</p> <p>15 Page ____ Line ____ Reason ____</p> <p>16 From ____ to ____</p> <p>17 Page ____ Line ____ Reason ____</p> <p>18 From ____ to ____</p> <p>19 Page ____ Line ____ Reason ____</p> <p>20 From ____ to ____</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
Page 230	Signature of Deponent Page 232
<p>1 I, LYNNE M. LEDANOIS, a Certified</p> <p>2 Shorthand Reporter of the State of California, do</p> <p>3 hereby certify:</p> <p>4 That the foregoing proceedings were taken</p> <p>5 before me at the time and place herein set forth;</p> <p>6 that any witnesses in the foregoing proceedings,</p> <p>7 prior to testifying, were duly sworn; that a record</p> <p>8 of the proceedings was made by me using machine</p> <p>9 shorthand which was thereafter transcribed under my</p> <p>10 direction; that the foregoing transcript is a true</p> <p>11 record of the testimony given.</p> <p>12 Further, that if the foregoing pertains to</p> <p>13 the original transcript of a deposition in a Federal</p> <p>14 Case, before completion of the proceedings, review</p> <p>15 of the transcript [] was [x] was not requested.</p> <p>16 I further certify I am neither financially</p> <p>17 interested in the action nor a relative or employee</p> <p>18 of any attorney or party to this action.</p> <p>19 IN WITNESS WHEREOF, I have this date</p> <p>20 subscribed my name.</p> <p>21 Dated: March 6, 2023</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p>1</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
<p><i>Lynne Marie Ledanois</i></p> <p>LYNNE MARIE LEDANOIS</p> <p>CSR No. 6811</p> <p>Page 231</p>	